

CANADA'S WEEKLY NEWSMAGAZINE

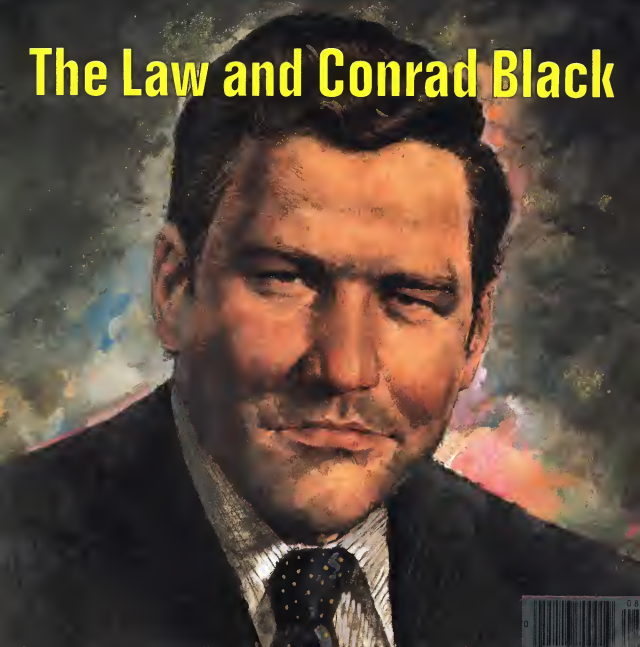
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SPECIAL REPORT

The Law and Conrad Black





COVER

The Law and Conrad Black

All is not well for Toronto financier Conrad Black. A bid by his company Noran Energy Resources Ltd. to take over a U.S. mining giant led to a bitter court battle in Cleveland and a continuing police investigation in Canada. While Black strongly protests his innocence, the representations are resounding through the corridors of power. —Page 26

COVER ART BY STEPHEN WATSON



Off to a head start

The New Democrats began a nationwide blitz last week to capitalize on the Tories' disaster, the Liberals' unpopularity and stanch their flagging fortunes. —Page 10



Living dangerously

Part romance, part political melodrama, *The Year of Living Dangerously* features Linda Hunt's overwhelming performance as a Chinese-Australian dwarf. —Page 40



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The fall of Ariel Sharon

Forced to resign over last year's Beirut massacre, Israel's hawkish defence minister, Ariel Sharon, may still be able to salvage his political fortunes. —Page 16



End of a design debate

After a controversial competition, architect Norman Foster and Douglas Cardinal have been chosen to design a new National Gallery and Museum of Man. —Page 44

Unemployable?

In an open letter addressed to Prime Minister Pierre Trudeau (Lead Us or Leave, *Private Citizen*, Column, Jan. 28), Dan Cohen makes certain accusations that do not bear up under scrutiny. She points out that the prime minister remarked that the unemployed are in the "front ranks of a new leisure class." In the same issue, your cover story, *Creating a New Economy*, contains a statement by Arthur Corbell, economic adviser with the Science Council of Canada, in which he says that he believes at least one million persons are unemployed Canadians as an inevitability. Will Cohen say take Corbell to task?

—EVELYN WOOD
Rivers, Mass.

Regarding the quotation Cohen cites in Jan. 24 column 1, I was "Where's Blaise?" that Trudeau asked, not "Where's the bludge?" I recall he was replying to a silly question. Who has tried as hard as Trudeau to make us aware of the problems of the Third World? And regarding the much-quoted, self-comment question to do with the farmers, "why do his offices never give his very thoughtful answers?"

—W. H. HAMMILL
Victoria

Out of the minds of babes

Your article about sex programs at the flick of a switch (*Are Gays for Voters*, Canada, Jan. 28) failed to mention what I consider should have been the greatest concern of all in the



One million jobless, a leisure class?

article—the impact on our youth. There are not an adult group that said children should not have to be their own counsel boards? If we adults allow Playboy in our family television streams, then we are giving children that responsibility. We adults will go to ridiculous extremes—for instance, the "strip and soap" law and its \$1,000 fine—to keep our parks clean for our children. Are we showing the same enthusiasm for keeping the package off our television screens? Too bad we parents today do not realize that it is a lot easier to get the dirt off our children's shoes than out of their heads.

—NANCY WEATHERILL
Bromfield, Ont.

Don MacPherson's statement that probably considers Playboy pornographic appears to be erroneous. This particular magazine will recognize exploitation, degradation and abuse, even if it is contained on glossy pages with slick photography and interspersed with articles designed to blur the consciences of pseudo-intellectuals, would-be swingers.

—GILBERTA KIM HOTTEN
Guelph, Ont.

Bill Davis' position

The report that my colleagues, Norman Adams, and I advised the premier of Ontario to seek the national leadership of the national party pursuant to the vote in Winnipeg is without basis and fact (*After Joe, What?*, Cover, Feb. 7). Adams was in Bermuda at the time, and I participated in no discussions of that nature. You may be aware that William Davis requested support for Joe Clark on the evening pursuant to the vote in Winnipeg, and I am aware of that position having been changed one note since that time.

—BRIAN D. BELL
Toronto

PASSAGES

APPOINTED Lt.-Gen. Gerard Thériault, 50, as chief of the defence staff, effective July 1. Thériault, a native of Gaspé, Que., began his military career as a pilot with the Royal Canadian Air Force in 1961. He will succeed Gen. Ramsey Withers, 52, whose standard three-year term is up this year.

DEED: James Embert (Eddie) Blake, jazz pianist and composer, at his home in Brooklyn, N.Y., five days after his 100th birthday. Composer of more than 1,000 songs, including *I'm Just Wild About Harry* and *Memoirs of You*, Blake was born in Baltimore and began his professional career age 15. The 1920 Broadway musical *Black* chronicled his career. He was too frail to attend a massive musical birthday party in New York City last week but he listened to it over a special telephone hookup.

DEATH REVEALED: Alberto Vargas, 57, the magazine illustrator best known for his paintings of scantily draped women, first in *Esquire* in the 1930s and then in *Playboy* beginning in 1956. A *Playboy* spokesman announced last week that Vargas had died Dec. 26 of a heart attack in Los Angeles. Born in Peru, Vargas got his start drawing *Pinup* girls for impresario Florence Ziegfeld in the 1920s.

DEED: Jim Ameche, 68, the radio performer best known for his portrayal of Jack Armstrong, the All-American Boy in the 1930s, of cancer, on Feb. 4, in Tucson. Ameche, a younger brother of film actor Don Ameche, starred in numerous radio dramas on the Woodbury Hollywood Playhouse and the Lux Radio Theatre and was an announcer on *Amos 'n' Andy*.

DEED: Alfred Wallenstein, 54, the "Wonder Boy" oboist of stardom who went on to become a member of the New York Philharmonic under Arturo Toscanini, a pioneer of classical music on radio and the music director of the Los Angeles Philharmonic (1945-1956), in the Manhattan hotel. In his later years Wallenstein served as a guest conductor in the United States and Europe.

RESIGNED: William Agee, 45, the former head of Bendis Corp. who posted a farewell two years ago by promoting Harold via *Money* (*Contributions*, 31, to a vice-president, from the position of president of Allied Corp. and chairman of Bendis, effective June 1, in New York City. Agee, who was married to Cunningham last year, last Bendis to Allied last fall in a failed takeover bid.

Philosopher's stone turned

Further to Allan Fotheringham's New Year's prediction about Marc Lalonde (*The Daylight Difference* in 33, Column, Jan. 21, I think that Canadians should feel proud of Lalonde. As energy minister, he accomplished what centuries of alchemists have attempted (except) the turning of gold into lead. One wonders what magic he will concoct as finance minister.

—MARK A. SCHINDLER,
Perryville, Que.

Fet remembered

Thank you for letting me remember what a wonderful place Fet is (Dietline, Jan. 17). Six years have passed since my visit, and I am greatly relieved to know that something is being done to preserve the "fabulous, waiting entry." Hopefully, my children will some day be able to see that for themselves.

—JAN BOLLAND,
Scarborough, Ont.

Bashy pine trees?

In his review of *Graceland* (Entertainment, Dec. 27), Berlin's most influential art commentator is said to have given a rather more verdict following the opening of the exhibit. Why? He expressed in the *Times* magazine that he was

disappointed because he was looking forward "to a lovely, frank and bushy pine tree from Canada." Others lamented the fact that Indonesian furniture were conspicuously absent from the exhibit. It is rather interesting to note what preconceived images these gentlemen have of Canada?

—NALTER REIDEL,
Victoria

He also was

In your Jan. 2 issue I read with considerable interest your article (pages 24, 25) that I was really shocked to realize that you included Harry Jerome as Canada's medal-winning sprinter and yet neglected to include Perry Williams. Perry also died in 1982. I believe Harry Jerome deserves mention, but if only one Canadian sprinter is to be named, the proper choice would be Perry Williams. Perry was a Canadian double-gold medalist sprinter with the 1968 Olympics. Surely someone must have neglected to do his home work.

—CLIVE CAMPBELL,
Vancouver

Acknowledging the wrong

Your article *Shocking Redness for the Wrong* (Canada, Jan. 11) was revealing. Germany liquidated the Jews in the

Second World War. Our treatment of Japanese Canadians in British Columbia was very similar. As a veteran, I feel compelled to hang my head in shame when I think of comrades like George Yasuo Shoji who were classified as enemy aliens after fighting for Canada, the land of their birth, in the First World War. If a royal commission will acknowledge this terrible wrong, let us get on with it immediately.

—DON GANDER
Thunder Bay, Ont.

Transforming tough times

It is indeed heartening to read the declaration by the Catholic bishops on the application of social justice to our economic system (*The Bishops Start a New Religion*, Jan. 17). All of us are asked to participate by becoming involved in our communities, to change the visible ourselves, instead of waiting for the government or business to change it for us. As times get tougher, Canadians need such encouragement to understand and transform our society into a more caring one.

—AILEEN LUDWIG,
Victoria

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Harvesting crude information



Abel with his partner, Sals. There is some legitimacy to the claims of foul deeds in the Oil Patch

By Gordon Legge

The bold, blue Prairie sky is clear. The air is still and quiet, except for the occasional swoosh of a seagull skimming across the water as it glides over a frozen piece of farmland near Big Valley, Alta., the scene of a rumoured oil field about 200 km northwest of Calgary. The well is designated a tight hole—it is off limits to outside persons, and all information is confidential. Special precautions, such as a plywood boarding around the testing site, have been taken to conceal the area from prying eyes.

The security measures are not unreasonable to Doug Abel, who sits unattended just a short distance away. He peers at the rig through a 20 x 30 power (Kodak) spotting scope mounted on the door window of a blue pickup truck. As he watches intently under the glare of the midday sun, his eyes catch the sudden spill of a dark liquid over the side of the narrow 10-m-high natural gas flare stack next to the rig. The overflow of oil gushes, filling the frosty air with the sweet smell of crude. Abel grimaces to himself and notes the occurrence in his day log. His boss will be pleased.

The 31-year-old Abel, an offshored scout, is paid to spy on oil rigs. He is

employed by A.J. Webb Scouting Consultants Ltd.—"The Spies of the Oil Patch"—one of a dozen scouting firms working in the province. His vocation includes him in the underworld of industrial espionage that is commonly—and openly—practised at oilfields around the world. Ever since Gulf Canada Resources Inc. brought in a prolific oil well at Ramsey, south of Big Valley, in August, 1982, the area has been alive with scouts who keep tabs on the 25 or so rigs that have punched through the ground. There have been a couple of other similar finds since the Gulf discovery, but several dry holes were also drilled. As a result, the scout's information is of crucial importance. If it is accurate, his client firm will be spared the cost of drilling an exploratory well. The information will also provide a good indication as to whether the client's firm should get involved in the play, either on its own or in a joint venture. Notes Abel's boss, Art Webb

"For a \$25,000 scouting bill, you can get \$1 million worth of information."

Webb, 42, is an independent so he is outspoken. If there is one thing that irritates him more than Big Government, it is the uneasy reputation that scouting suffers. "There is a legal way and an illegal way of doing it," he explains. Still, there might be some legitimacy to claims of misbehaviour. Stories abound of scouts who have stolen drilling reports from rig sites and of roughnecks who have dealt crude justice to scouts standing around areas that were off limits to them. Webb recalls the day many years ago when a couple of slab-smacking toughs

approached him as the edge of a rig site. "We're looking for some scouts," one of the roughnecks said. "Been any around?" Webb reached into his truck and pulled out his rifle (kept as a precaution against bears) and replied, "We're looking for rig heads. Been any around?" "No, we're tool pushers," said the roughneck. "Then you can't drink with us," said Webb.

Few others will deny that incidents do occur. In Big Valley there are even rumors that the public telephone at the Big Valley Inn was bugged last fall. But most firms stay within the letter of the law. "I have an aversion to jail," notes Webb. Consequently, the 18 scouts monitoring the action across Alberta for Webb's firm harvest their information by focusing their binoculars on the rigs.

On Abel's recent oil rig stakeout near Big Valley, his trained eye detected a problem the moment he saw the oil spilling over the flare stack. Underground pressure had caused an overflow at the up-

Webb: stories of crude justice



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ratio, forcing some oil up the stack. If everything had gone right, the oil would have flowed unimpeded into storage tanks waiting next to the rig. The incident was unfortunate for the driller, but an unexpected bonanza for Abell.

For the months, the long hours of surveillance can be profitable. When the oil industry is active, a scout can earn \$200 to \$350 a day, seasonally working three to four weeks without a break. Still, although the industry is beginning to recover after an 18-month slump, a scout will not earn the \$50,000 this year that he made during the 1970s. Abell, who says he makes only about \$15,000 in a slow year, was earning \$55,000 three years ago. Out of their income most scout expenses—lodging, food, gasoline and truck maintenance—which can be high in remote locations, sometimes accounting for as much as 50 per cent of a scout's earnings. The day Abell spotted the oil overflow, he and his dog, Sam, a two-year-old Australian Blue Heeler, had been keeping their vigil since 9 p.m. the night before. To protect their incomes from the vagaries of the oil business, many scouts resort to supplementary endeavours. Abell, a six-year scouting veteran, farms near Carmar, 68 km north of Calgary.

Not only has the Big Valley find meant a boom for scouts, it has also lent a measure of prosperity to area residents. Big Valley, a thriving real town of 2,000 in the 1960s, now has only 355 permanent citizens. An abandoned railway roadhouse, stacked with hay, sits atop the town's former glory. Nodding oil pumps dot the landscape around the town, recovering oil from shallow pools established three decades ago. Small armies of seismic crews overcross the snow-covered fields, stringing cable. While farmers collect hundreds of dollars for access to their fields, they soon go to work on the rigs. Business at the 16-room Big Valley Inn has doubled since last fall, forcing owner Pat Lewis to postpone his winter holiday in the sun. Business is brisk and bustling as well in the town's bar, Tiffany, a petite, 22-year-old Toronto woman who earns \$150 a week to reveal to all, ends the oil rush a bit tedious. "That's all I ever hear," she complains. "Oil rigs when I go to bed at night, oil rigs when I get up in the morning."

But all this talk has brought a good life to men like Art Webb. A Grade 11 dropout, Webb, who remains unsatisfied by his success and has not changed since the day 15 years ago when he went to work with his kneecaps, is now worth more than \$1 million. "The Oil Patch has been good to me," he says, crugging on a Colt cigar. "It's like any other business. You get out of it what you put into it." ◇

COLUMN

How to make Marc Lalonde a hero

By Dian Cohen

That Canada's economy is in an appalling state is one thing that most of us would agree about. Finance Minister Marc Lalonde has an opportunity to right many of the economic wrongs created by the previous two budgets of his predecessor, Allan MacEachern. To this end, he has been travelling throughout the country, briefing legislators for the new budget he is expected to bring down in mid-March. Although my opinion has not been solicited, my budget suggestions have three qualities to commend them. First, they are wise. That Lalonde can easily and painlessly take them, if enacted, my proposals will not worsen the current economic situation. And they have a 70 to 80 chance of conferring glory upon the federal government, a sacrifice I will gladly make for the good of the country.

What we all have to understand is that what Lalonde does or does not do next month will not make even the slightest bit of difference to world economic recovery. That is in the hands of the people who run the United States, Britain, what Mr. Lalonde must do is to gamble on U.S. ingenuity. In this he has little choice. The only real option he has is to avoid policies that will directly prevent Canada from sharing in the U.S. recovery.

Lalonde's first order of budget business is to lift the burdens imposed by MacEachern's budgetary debacle of June 28, 1982, and Nov. 13, 1981. There remains about a dozen items from these two failed budgets. The most economically debilitating of them deal with taxes paid by big and small businesses. For instance, the MacEachern budgets decreased an investment incentive called the Capital Cost Allowance, which allowed businesses accelerated write-offs on the costs of a variety of equipment purchases. In my budget, I would be inclined again. In addition, MacEachern imposed a further 12.5 per cent tax on small business. If Lalonde will bring in legislation to offset MacEachern's budgets, then the business community will likely be willing to compromise to help Lalonde save face.

Since budget-making is the art of the possible, Lalonde could score some winning points. After having his speech writer draft a short paragraph paying lavish tribute to his predecessor, he would then be free to deliver the impact of MacEachern's devastating legacy. He

priority should be small business, which still forms the backbone of the economy and is responsible for most of the job creation—more than half of the new jobs in the private sector since 1969 have come from businesses with fewer than 25 employees. Since the darkest hours of a small business are in its first five years, investment losses are of paramount concern. After making an investment of \$50,000 or \$100,000, businessmen then get sold—and, as often as not, they go out of business. Lalonde could allow small businesses to write off their losses against earned income (the scheme is called a flow-through) back three or even five years and forward as well. He could also permit them to incorporate so that liability is limited and outside investors would be more willing to extend financing. Real cash measures have in place last year, a good number of the estimated 80,000 shutdowns of small businesses

'Lalonde's only real option is to avoid policies that will prevent Canada from sharing in the U.S. recovery'

would have happened. Their owners would have believed their 1981 and 1982 losses against their 1979-1980 profits. With a general economic recovery forecast for 1983 or 1984, they would have been able to keep their profits and would be in a stronger position than ever to stay in business and create jobs. The same minister need not stop at that. There are a few more things that he can do that will look good, not relatively little and that will go far in convincing a skeptical business community that Ottawa is, at least, listening. He should consider, for instance, the Miller-Cohen, to increase Montreal Stock Exchange President Pierre Lortie's idea of a Registered Shareholder Investment Plan. That is a scheme by which shareholders' capital gains would be partially protected from inflation. If they lose 10 per cent of their capital gains and the yearly inflation rate is 7.5 per cent, then there would be no taxable capital gain. Lalonde might also consider altering the research and development incentive—why not offer a straight 25-per-cent tax credit? This incentive measure would pay rich

dividends to Ottawa's dwindling stock of goodwill.

Looking ahead, Lalonde must be able to lead off New Democratic Party Leader Brian Bracken, who will, inevitably, on the morning after the tabling of the budget, claim that there is nothing in the document for labor. It has been rumored that the finance minister's blue-ribbon panel of economic consultants is recommending a dramatic stimulus infusion of money into the economy. They are apparently convinced that the economy is so depressed that raising the budget deficit to \$25 billion, or even \$40 billion, would have no impact on the capital markets. But they are wrong. Even if all the economists in the world agreed to pouring \$6 billion to \$10 billion into the economy would not harm it, we must realize that the world is not run by economists who have an understanding of full employment budgets and tax expenditures. It is run by politicians and bankers and other such people around the world who would take one look at the deficit and immediately sell the Canadian dollar short. In order to prevent the collapse of the dollar, Bank of Canada Gov. Gerald Bouey, once again, would have to pump up Canadian interest rates, and the Canadian economy would self-destruct. Even now, it is said that the International Monetary Fund has started a Canadian dollar collection, waiting for the moment when Ottawa has to borrow.

Decidedly, a \$4-billion injection of cash would be a grave error. But no one, really, would object to an infusion of \$1 billion or even \$1.5 billion into some job-creating program. The cash could also be divided between job creation and housing. Since we all know perfectly well that few people are going to be completely satisfied the morning after the budget no matter what Lalonde does, let us at least hope that he leaves us with some off that we are.

Essentially, the implementation of my proposals would cost relatively little; they contain something for both business and labor, and they do not alarmingly increase Canada's present record deficit of \$24.9 billion. With a bit of flourishing rhetoric from the finance department writers, Marc Lalonde may be able to easily to quiet his critics but actually to do something positive for his country.

Dian Cohen is a Montreal-based economic writer.





Broadbent in caucus; Robinson (below), capitalizing on an ailing aide

CANADA

The NDP jumps off to a head start

By Mary Jurgan

Until the Progressive Conservative leadership crisis last month, the New Democrats constituted only a diversified, sometimes ineffective band of 82 MPs in the House of Commons. Popular support for the party had plummeted from a healthy 36 per cent of decided voters in February, 1982, to a dismal 30 per cent last month, according to the Gallup poll. The party lost an April provincial election that it would have won in Saskatchewan and it captured just one of the two key election contests it expected to take in October.

Now, however, New Democrats in Ottawa are displaying a new sense of confidence and commitment. And it is all because of the Tories. "Only two weeks ago we were terrified that we could not save half the caucus in a federal election," admits a senior strategist. "What the Conservative bench really means is that now we can take our caucus—and maybe do a little bit better."

The NDP has been quick to exploit its

unexpected good fortune. Last week key caucus members fanned out across the nation in a two-week public relations campaign to convince Canadians that their party has become the new opposition. Although it is too soon to predict what effect the party's activities will have on its popularity standing, the prospect of a bitter Tory leadership fight has clearly energized the NDP. The party has at least gained a breathing space—and at best, it might face Conservative and Liberal parties split by divisive leadership struggles in the next federal election—a situation in which the NDP could move to occupy both the left and the centre of the political spectrum and spread its appeal. And, at a more mundane level, the many Conservatives spend clabbering each

other will not be spent attacking the NDP.

Party strategists believe that the NDP is only partially responsible for its own problems. Because public opinion polls indicate that Canadians want to see the Liberals defeated, the NDP appears to be caught in the traditional third-party squeeze, with the electors choosing to vote for the party that has the best chance of ousting an unpopular government. As long as the Conservatives could elude undignified entrance in the polls and maintain a facade of unity, federal politics was reduced to a one-party race, and the NDP was sidelined. At the same time, party insiders feared that many voters had also rejected their economic prescriptions. Said NDP leader Ed Broadbent, "Although we are saying that now is the time for the government to play a more direct role in the economy, my belief is that, because of terrible Liberal mismanagement, most people of Canada do not want more involvement by the state in the economy. Therefore, our message could be getting through, but a number of people simply don't like the message."

The party's luck began to change when a combination of Canadian Roman Catholic bishops issued a powerful New Year's message that fueled a new economic debate. Baring their plea on "basic gospel principles," the bishops insisted that priority must be given to the "real victims of the current recession"—the unemployed and the disadvantaged. It was the traditional NDP line, prompting both the party and Labour representatives to take note that God was on their side. "The bishops helped us enormously to turn the tide of political reaction away from the right, away from the possibility of a Reagan society in the north," declared NDP federal secretary Gerry Caplan.

That strategy, however, was followed by Joe Clark's decision to hold a leadership convention. Two weeks ago the New Democrats convened the resulting disarray in Parliament and set together a five-point strategy to promote the message that a Liberal government is a bad government, the Conservatives "don't care about people—they are catering to the right-wing mentality"—and the NDP has "workable solutions" to the economic crisis.

The party reasons that it can use the period leading up to the Conservative convention "to emphasize on the diary in which the

Tories have had themselves."

The reactivated NDP attack has been carefully orchestrated. Such key caucus members as House Leader Ian Stewart, trade critic Larve Nyström, job creation critic Ian Waddell and promotion chief Rod Murphy took part in headline shows from Cape Breton to Victoria last week with attacks on the Liberals and the Tories. They also put forward economic solutions for regional problems and reminded listeners that the NDP is the only party to oppose testing of the cruise missile in Alberta and Saskatchewan—another issue that has come to life in the past few weeks. For his part, Broadbent refrained from strident partisan attacks and travelled instead to northern Ontario and Saskatchewan to preach the party's economic platform.

The NDP has launched its new drive after several years of crippling internal turmoil. On the policy front, the party was deeply divided last fall when Broadbent firmed briefly with the Conservatives belief that the deficit should not be increased as a means of stimulating the economy. The leader recanted late last year and called for a "planned increase in the deficit." That reversal was timely since the Liberals are expected to increase the deficit in their March budget to create employment with such economic development projects as railway construction. Meanwhile, the NDP's internal wounds are finally healing after the party split, largely along East-West lines, over the Constitution issue in 1981.

Despite their optimism, party members realize that the job may be short-lived. If Peter Lougheed runs for and wins the Conservative leadership, he could wreck the NDP's western base—25 of its 32 seats are from west of Ontario. But the other leading Tory contenders are viewed with equanimity if not glee. The leadership of the NDP itself is an issue, despite some discussion on the left wing of the party, even from the likes of Svend Robinson, the Bercaksky NDP staffer unhappy out of the party's crisis's past recently. Even if this is only because there are no credible alternatives to Broadbent's leadership, it is also an undisputed leadership, it does mean that the NDP can offer voices of lead of stability that neither of the other two parties can muster. "Since we're the only party that knows its leader and its policies, we're going to be a great election campaign for a lot longer," says Macdonald. Mr. Murphy "That's an important position for us because we have to work harder to sell our message." The party's big gamble is that the public will like what it hears—if it is finally paying attention.

—MARY JURGAN
in Ottawa

The cruise comes to Canada



Liberal MP McKee with protesters attempting to avoid political confrontations

When External Affairs Minister Allan Macdonald tabled an agreement last week that provides a framework for the testing of U.S. cruise missiles in Canada, his quiet diplomacy started a storm of protest. In an attempt to avoid the political and social nationwide surrounding the issue, Macdonald simply tabled an unopposed weapons testing agreement, nullified in Washington by the Canadian ambassador, without providing for a Commonsense debate, and then said that he will consider future debate on the cruise issue only "when and if the negotiation [on testing the cruise missile itself] is concluded." Lamented Conservative defence critic Allan McKenna: "What happened is not what you would expect to happen in a democracy." At the same time, two demonstrators chained themselves to the doors of the Parliament buildings and demonstrators were staged across the country.

Cruise testing is scheduled to start late this year at the Pineson Air Weapons Range in the Alberta-Saskatchewan border near Cold Lake, Alta. For that reason, no further negotiations are expected until late summer or fall. The Americans say that the huge flat stretches of snow-covered land in the region are ideal for trying out the cruise's terrain-following capabilities. But critics like McKenna and Paul McKee, a Liberal back-bencher, say that the cruise tests may result in a landed more as practice for launching the missiles over the polar ice cap instead of trying them along a central European path. As a result, they worry that the tests may indeed lead to an

escalation of the arms race. So far, the government seems prepared to debate the issue openly. Future defence testing agreements, the document says, "shall be negotiated and concluded by the designated representatives of the Canadian department of national defence and the U.S. department of defense," says McKenna. "The idea is that, after the deal is signed, Parliament can use an opportunity day to debate it. This is like debating the First World War. Once it's signed the debate is over."

Pressure on the Canadian government to drop cruise testing will escalate should the Reagan government reject its inflexible "zero option" to arms control talks with Moscow. The zero option calls for the elimination of all intermediate Soviet and U.S. nuclear weapons in Europe. But the policy is generally rejected by the Kremlin. The cruise is a bargaining chip in the negotiations, and McKee wants Ottawa to "let the U.S. government know that if they don't get down to real negotiations we'll be back to finish the cruise testing." Still, McKee seems unimpressed by the Reagan administration's offer and he agrees that to "get those absolute numbers [of missiles] down we have to play with the polar chips." Meanwhile, each side appears to be waiting for the other to blink. "I go along with the idea that if there's no progress at Geneva by late 1983, then we, that is NATO, should proceed with [cruise and Pershing II missile] deployment," says McKenna. "I just wish they would be both start thinking."

—IAN ANDERSON in Ottawa



Frank Mayo and Expo 86 sits the crisis of creating Disneyland North

BRITISH COLUMBIA

Less challenge, more flash?

Expo 86 Vancouver's chance to display the latest advances in transportation and communication, is in danger of becoming a 1967-mirror Disneyland North instead of a world emblem with the scope and flair of Montreal's Expo 67-Canada's last world's fair. That, at least, was the parting assessment of Frank Mayo, the former creative director of Expo 86 and the latest of two expatriates to quit or be fired in the past two months. The exodus is the most recent crisis to hit a fair that had almost recovered from delays caused by last year's haggling between Ottawa and Victoria over co-sponsoring and is still less months behind schedule in its prepacked form for opening day, May 2, 1986.

The man who is feeling most of the criticism about Expo 86 is Michael Bartlett, the fair's new general manager, who helped build Canada's Wonderland, a \$200-million amusement park north of Toronto. Bartlett, who has applied for Canadian citizenship to forestall criticism about an American running a Canadian showpiece, has also with him two other former Wonderland executives as vice-presidents. But at the same time that the amusement park team was settling in, the fair's interim general manager, Michael Burns, the vice-president of finance, the manager of special events and Mayo were all leaving. The 46-year-old Mayo, a career civil servant who had been on less

Expo for the past three years, is the only disgruntled departee to make public his disagreements with Bartlett. Mayo charged that staff morale is low and that many still working on Expo share his views.

"It's not because he [Bartlett] is an American but more the kind of American design he represents," said Mayo. The former director has worked on Canadian exhibitions at several world's fairs, including Brussels in 1958, Expo 76 in Osaka and the United Nations Habitat conference on shelter in Vancouver in 1976. Now, instead of becoming an inspiring, intellectually challenging environment, Mayo fears that Expo 86 "will be designed for a family of vegetables, as in a theme park where everything is sanitized and safe, there's no real environmental control and the food is dead." The dispute centres on the conflict between localism and internationalism, says Mayo, who writes that Expo 86 will have more to do with entertainment than education. Another departed staff member who agreed with Mayo's criticisms explained "For a number of reasons the fair wasn't moving ahead fast enough, and the Expo 86 board panicked. They brought in these hit-and-run, and instead of telling them what to build and the philosophy behind the fair, they turned the whole thing over to them. I can guarantee that this fair won't be a milestone like Expo 67, but I guarantee

you they will get it built on budget, on time, and it will be big and glossy."

Bartlett has been stung by the back-street charges. "I would say that Mr Mayo is a pseudophilosophical ass," he says. "Backstories would hardly characterize a management that emphasizes quality in all cases. The problem might be that Mr Mayo has a very partial, intellectual view of what the fair is all about, and I think that if his view had been followed through probably no one would have shown up." Bartlett is offended by the suggestion that he is going to produce "Disneyland 86," although he maintains that one way of building a great world's fair is by following the Disney model and management techniques. That theory will be tested in May when Bartlett reveals the design site plan for the fair—Mayo's area before he was ejected aside—but the first influence of the Disney Kingdom will be felt next month when Queen Elizabeth II visits Vancouver. Her Majesty will inaugurate a fair that will not be held for three years, in a stadium that will not be completed until June, as part of a globally worst designed by John Dett, a Disney consultant who built this year's Super Bowl halftime show among his credits.

In 1988 the technology from some 20 countries will be on display on the 120-acre fair site, giving Michael Bartlett three years to prove that he can produce something more than a glorified theme park. Frank Mayo will not be part of that process, but his big dog will still be flying: he designed the fair's symbol of three interlocking circles (forming an 86) before he himself was run down by the Bupples.

—MALCOLM GRAY in Vancouver

NATIONAL

The Tories—all together, plunge

The race for the Progressive Conservative party leadership will break into the open this weekend. Shortly after noon Saturday, newly elected Tory President Peter Shoggs, a gently Alberta rancher-turned-politician, is expected to emerge from an all-day meeting of the party's executive committee to announce a date and location for the much-awaited convention to replace—or reconfirm—the already campaigning Joe Clark, as Conservative leader. Shoggs's announcement will end three weeks of uncertainty and is likely to prompt a series of declarations by other candidates. "Once the contest is official, the announcements will start coming fast," predicted an expert lieutenant of Montreal businessman Brian Mulroney, a well-known contender.

So far, politics, not politeness, has kept candidates in check. No one wants to make the first public grab for the job that the beleaguered Clark has held for seven years. But that problem could be overcome if two or more of his potential challengers quietly agree to enter the race on the same day, a plan now being worked out. "The idea is to be friends for a day then come out fighting," said the astrophysicist of the plan—a key Mulroney lieutenant. The second reason for delay is the party's reluctance to face the fact that the 30-year-old executive committee might schedule a fall convention to give Ontario Premier William Davis and Alberta Premier Peter Lougheed time to coordinate their own provincial election drives. A nine-month leadership campaign would be difficult and expensive to sustain. But that worry too has subsided. The reason, quite simply, is money. According to Calgary MP Jim Hawkes, a Clark ally, the Tories could add as much as \$200,000 to \$250,000 into debt every month between now and the convention. Senior party officials are convinced that, for everyone's good, the convention has to be held by the end of June—and Ottawa is the favoured location.

As this weekend's crucial convention-setting meeting approached, the undeclared leadership candidates casually hovered around the starting gate. St. John's MP John Crosbie and Toronto's MP Charles Houlihan launched the government in the Commons with many fewer than usual. Mulroney was in Schifferville, in his capacity as president of the Iron Ore Co. of Canada. Only Clark was 480 miles to the meeting and posturing. He fled to Florida for a vacation.

—CAROL GYAT in Ontario



Mulroney and a delegate at the Conservative convention: once and future contender

QUEBEC

Warming up at 40 below

Except for a chance to tell stories about brewing temperatures of 40 below and such that was across the Canadian tundra from Hudson Bay, there seemed to be little reason for 15 Quebec politicians to travel 1,000 km last week to the northern Quebec mining community of Schifferville. The provincial parliamentary community was ostensibly there to examine the Iron Ore Co. of Canada's decision to close its Schifferville operations at the end of July, threatening 151 miners out of work and devastating the one-company town's economic base. But from the outset the signs of Schifferville were merely the backdrop to the real show. The two days of hearings focused instead on partisan gossamerism among four Parti Quebecois cabinet ministers and 11 PQ and Liberal backbenchers. Attention also turned to the political operations of 307 President Brian Mulroney, the once and almost certainly future contender for the federal Conservative leadership.

Mulroney realized that he was not in Schifferville to speculate about whether he will run against Joe Clark. "Politics is my vacation and my hobby. Business is my responsibility. In seven years I've never once missed the two," he said, in his first public appearance since the Winnipeg Conservative convention. Then Mulroney explained what he described as his "rhetoric" to answer political questions and he teased commis-

sioners with glimpses of how he might solve national economic problems if "I only were a politician."

Branding a bright red point, he tapped out a fiery defense of PQ policy on an elaborate series of charts, as Quebec Energy Minister Yves Duhamel asked questions and miners wearing SAVE THE NORTH buttons softly intoned "Brian Solway."

Mulroney agreed that although 1987 was badly hurt by the falling world price of iron ore, it had incurred \$1.3 billion (US) in its northern Quebec and Labrador operations as of Dec. 31, 1981, and an additional \$500 million (US) in the past year. The shutdown also affects operations at the company's mine 300 km south in Labrador City, where 2,500 workers will lose their jobs, 500 of them permanently.

Mulroney noted that from 1971 until 1979 the company was unable to pay dividends to its shareholders. He added that 1983 and 1985 dividend payments of \$82 and \$83 millions respectively did little to compensate for the losses.

Few observers expect the provincial commission to produce any concrete solution to the problem. For one thing, it has no independent power to take remedial action. For another, it does not even have a mandate to file a report. "When a government wishes to wash its hands of an issue, they appoint some kind of commission," said one cynical respondent.

WAT FORD/STAFF PHOTO

How the Ocean Ranger sank

Friends and relatives of victims of the Ocean Ranger tragedy will attend memorial services this week as the first anniversary of the sinking of the world's largest oil rig. An a grim prelude, an official U.S. report last week suggested that the loss of 86 men off Newfoundland on Feb. 15, 1982, could have been avoided.

According to Washington's National

Transportation Safety Board (NTSB), the rig's owners did not take sufficient steps to provide crews with some of the basic emergency training and equipment. The harshest criticism was directed at New Orleans-based Ocean Drilling and Exploration Co. (ODOCO), owners of the offshore rig. The 15,000-word report said that the crews were not properly trained to operate the

emergency manual ballast-control system. When waves of seawater flooded the rig in a fierce North Atlantic gale, the crew could not correct the tilting list—electronic ballast controls had been crippled by water that had sloshed through a broken porthole. The NTSB further reported that lives might have been saved had crews consulted with a two-year-old U.S. Coast Guard order to put better lifeboats aboard the Ranger and had the company issued insulated, waterproof exposure suits, which can keep men alive for hours in icy seas (All 21 bodies recovered were killed by the cold, not by drowning).

Said NTSB spokesman Brad Dushane: "Our recommendations carry no force of law, but we try to apply pressure, including the force of public opinion, to bring about the safety changes we believe are necessary to prevent the recurrence of such accidents."

Canadian safety regulations were tightened after the sinking, but the Canadian Forces search-and-rescue base at Gander, Nfld., has not been given fixed-wing aircraft, despite two such recommendations in government reports this year. The NTSB said that it took eight hours for rescue aircraft to arrive at the disaster site.

In the Commons last week, Prime Minister Pierre Trudeau refused to answer questions about the search-and-rescue operations and NTSB. Rod Murphy called Labor Minister Charles Gauthier "a bloody wretcher" when Murphy tried to get offshore workers protections under the Canada Labour Code. Murphy was later forced to withdraw his comments. Of more immediate concern is the families of the Ranger's crew, however, is the fact that the NTSB report cannot be admitted as evidence in court "it's not to have the report back on up," says Leo Barry, a former energy minister and one of the St. John's lawyers acting for the families. "But we will have to develop our own evidence for the trial." A court in New Orleans is scheduled to decide in March whether or not it will exercise its jurisdiction to hear the Canadian suits, which claim hundreds of millions of dollars in damages against ODOCO and at least seven other companies connected with the Ranger. Canadian families would prefer to take their cases to U.S. courts, where settlements are higher. But if that is not possible, they will go before Canadian juries.

The U.S. Coast Guard report, which will draw on largely the same evidence as the NTSB's, is expected within the next two months. By the time the Canadian royal commission into the tragedy issues its interim report this summer, it could well be dated. And its final report is not expected until at least 1985.

—MICHAEL CLAPHAM in Halifax



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Peace Now demonstrator (left); Sharon supporters: a scent of violence, fanned by the Begin government's own combustible style.

WORLD

The fall of Ariel Sharon

By Susan Riley

Ariel Sharon's bulky frame, defiant stare and politician's style dominated the world's television screens last week. For some observers, the fate of Israel's hawkish, belligerent defense minister would reflect either the best or the worst of the Israeli state itself, its sensitive conscience or its defiant militarism. In the end conscience won—and Sharon lost. After a maelstrom report from a government-appointed tribunal, the 54-year-old career soldier was forced to resign for what the report called his "blatancy" during last September's massacre of an estimated 700 to 800 Palestinian in two refugee camps in Beirut. Sharon did not go quietly. "Why should I chop off my own head?" he riled at cabinet colleagues during that meeting. "If you want it all, chop it off yourselves!"

The popular outburst was in keeping with Sharon's tumultuous career and his legendary bluntness. Despite during exploits as a soldier, his arrogance and overwhelming personal ambition have alienated important segments of the Israeli public, including many of Sharon's own soldiers—though not, it seems, Prime Minister Menachem Begin himself.

Indeed, Begin—who, along with five other leading soldiers and politicians, was assigned new responsibility for

the massacre by the tribunal—resumed firing Sharon despite intense pressure. When the beleaguered minister finally collapsed Begin's late in the week to resign, the prime minister said that he accepted the news "with personal grief and pain." And there were indications that Sharon may remain in the cabinet.

Despite his resignation, Ariel Sharon will almost certainly remain a major force in the nation's politics

in another post. Throughout the week the mostly hard-edged Begin appeared frail and distressed, anguished at having his closest adviser and by his own regret from the tribunal. The prime minister also appeared to regret not having pushed Sharon and others for the details of what was happening in Beirut at the time of the massacre. The investigators said that they found it "puzzling" that Sharon had never mentioned to Begin the fateful decision to use the Phalangist militia into the two refugee camps.

Still, supporters of both Begin and Sharon showed their backing in street demonstrations last week, although

thousands of others demanded that the defense minister resign. The tension culminated in a bloody—and somewhat explosive—in Jerusalem, when a hand grenade exploded in a group of peace demonstrators, killing one man and injuring 10. One of the wounded was Amrullah Barg, a leading religious peace campaigner and the son of former Minister Yasser Barg.

The trial was heard clearly by the Israeli cabinet, which was meeting in emergency session nearby. Some observers say that it may have sealed Sharon's fate—that, along with an alarmingly belated and maddening final plea for support that turned even sympathetic cabinet colleagues away from the embattled minister. But Energy Minister Yitzhak Mordechai and the explosion "did not affect our decision because we were near the end of the discussion." In the end they voted 16 to 1 against Sharon.

For others the bombing marked a deterioration in Israeli political life—a new scent of violence fanned by the Begin government's own combustible style. "When politicians are opposed to both political meetings," said the Jerusalem Post, "when critics are called traitors, when the opposition is equated with the PLO, when Jewish organizations on the West Bank are made legitimate, there is no end cause for worry."

As the past week demonstrated, nat-

ing has divided Israeli opinion as sharply in recent years as Sharon and the war he led against Lebanon. In June Israel surprised the world with its lightning strike into Lebanon.

When the war ended last fall, the Israeli troops remained as an occupying force. And it was while they were arranging the evacuation of remaining PLO forces from Beirut that the Sabra and Shatila killings took place. The tribunal of inquiry, headed by Chief Justice Yitzhak Kahan, set that both before and during the massacre, Israeli commanders—who authorized the Phalangist mission—turned a blind eye to the killing of unarmed civilians. "It is impossible to justify the minister of defense's [Sharon's] disregard of the danger of such a massacre," said the tribunal. But the possibility "did not concern him in the least," it added. Leading members of the Israeli forces were also criticized for failing to enforce or stop the massacre. They included Chief of Staff Rafael Eytan, northern front commander Amos Doron, military intelligence chief Yehoshua Saguy and Beirut forces commander Amos Yaroni.

Meanwhile, the men who actually did the killing remained stunned and largely ignored last week. The Arab world directed its fury at Sharon. In Lebanon only the Communist paper *Al-Naba* prominently mentioned the role the Lebanese Christian militia played in the massacre. Now, the same force that carried out the killings remains prominently entrenched as Lebanon's strongest pro-Israel army and, if somewhat uneasy, linked with the country's president, Amin Gemayel. Indeed, Sharon braved bravely in testimony before the tribunal last year that Gemayel did nothing to discourage his Phalangist supporters from taking their revenge for the deaths in a bomb

explosion of his brother, Bashir. The two men were discussed "revenge" at Bashir Gemayel's funeral on Sept. 15, the day before the massacre began, said Sharon.

In the United States, the major power broker in the region, Sharon's forced resignation was greeted with relief. The defense minister was less circumspect than many of his Israeli colleagues and he was frequently understood toward his U.S. allies. In Washington he is blamed for delaying the pullout of Israeli troops from Lebanon and for a series of secret confrontations between U.S. and Israeli forces patrolling there. Washington now believes that a weak-willed Begin, stripped of his powerful defense minister, will make more compromise on troop withdrawals and perhaps even on the broader issue of Palestinian autonomy.

U.S. hopes could be dashed if Begin—who is retaining the defense ministry for the time being—persuades Nabeh Arian to take the post. However, Arian, currently ambassador in Washington and a powerful hawk, did not accept Begin's offer immediately. Apparently he was awaiting a decision on Sharon's future.

Others believe that it is premature to write off Sharon. Some observers think he will be rehabilitated by Begin after a decent interlude—perhaps as some senior military. The uproar last week proved that he still has popular support, and he is renowned for his political invulnerability. And he has never made any secret of wanting to become prime minister. Begin himself once joked that if

he had not given Sharon the defense post, the minister "would have strangled the prime minister's office with tasks."

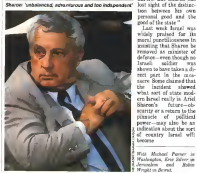
Sharon is seen by some as a tough pragmatist with little experience in the type of European socialism or North American Zionism that has influenced so many of Israel's rulers. Asked to define Zionism at Harvard University in 1990, Sharon replied, "Zionism is keeping your nose clean to the ground and not getting hit by Egyptian bullets."

The political theory that he seems most comfortable with is sometimes referred to as "Classicismism," after the famed Prussian strategist, by Harvard University Professor Leon Wieseltier. Like Classicism, Sharon holds to a theory of absolute war—after destruction of the enemy. Still, some of Sharon's sternest critics are members of the armed forces—perhaps because Sharon is known for repressing dissent. Recently, his own associates in an unprecedented move—called a meeting to express their lack of confidence in him. He tried many career soldiers by applying that one parachute regiment had been covertly during the Beirut siege.

Gen. Haim Bar-Lev, a vocal Labor Party supporter, has called Sharon "unbalanced, adventurous, dangerous, uncalculated and too independent." And former Israeli defense minister Ezer Weizman was recently present when he wrote this description of Sharon in his 1981 memoir "Striding through life he tends to leave behind him a wide swath of bitter enemies, disappointed sympathizers and fervent admirers. But Sharon has lost sight of the distinction between his own personal good and the good of the state."

Last week Sharon was widely praised for its moral punctiliousness in knowing that Sharon be forgiven as minister of defense—even though no Israeli soldier was shown to have taken a direct part in the massacre. Some claimed that the incident showed what sort of state modern Israel really is. Ariel Sharon's future—obscure or a return to the pinnacle of political power—may also be an indication about the sort of country Israel will become.

With Michael Palmer in Jerusalem, Eric Silver in Jerusalem and Robin Wright in Beirut.





Arafat with Hussein amidst rejection by the Palestinians of the Reagan peace plan

THE MIDDLE EAST

The bitter climb to a summit

THE seems for a new initiative toward a Middle East peace were anxiously depressing. At the Palestine National Council (PNC) convened in Algiers for this week's crucial summit, its 300 delegates, representing the Palestine Liberation Organisation in exile, were deeply divided. Few are thing, they faced the daunting challenge of trying to define a role for the PLO after its expulsion from Beirut. For another, the PNC's verdict on U.S. President Ronald Reagan's plan for a Palestinian homeland seemed almost certain to be negative: Speaker Khaled al-Fahouh forecast that a "big majority" would reject the plan. "It doesn't speak about the Palestinians as a people," he declared.

Fahouh's words were not the only indication that the Reagan initiative is in trouble. The issue of an Israeli withdrawal from Lebanon, a vital precondition to any wider settlement, remained stalled. And political upheaval in Jerusalem, following the Kahan commission's report on the Beirut massacre (page 38) showed the Lebanese talks into the background, where they seem likely to remain for some time. At the same time, renewed violence in Lebanon itself raised the prospect that the country may indeed disintegrate.

But it was the PNC's developing battle over how to move toward the establishment of a Palestinian state that commanded the most attention. A key move at the meeting in Algiers was expected to be the PNC's attitude toward Jordan's King Hussein and his role in the pro-

cess. Reagan views the moderate Jordanian leader as an essential partner in creating a Palestinian homeland on the West Bank and Golan Strip. But many PNC delegates disagree. The PLO's deputy commander in chief, Khalid Wazir, former leader at Abu Jihad, said last week that "Jordan is the gate to the occupied homeland." However, the same day Fahouh warned that "Jordan will not be authorized to speak for the Palestinians."

PLO Chairman Yasser Arafat wants Hussein to negotiate with the Americans on the Palestinians' behalf. But even Arafat will have great difficulty convincing the majority in the PNC, whose members support statehood rather than a homeland virtually run by Jordan. At the same time, the PLO is deeply disenchanted with Washington, both for its role in the PLO's ouster from Beirut and for the lack of progress in the U.S.-sponsored talks to resolve the Lebanese crisis and open the way to a broader Middle East peace.

"The Americans have no credibility," one banker of the Arafat strategy explained. "The PLO left in September. Now it is February, and the Israelis are still in Lebanon."

As a result, Arafat may have to try to ap-

pearance has PLO opponents with tough anti-U.S. and anti-Israeli talk while seeking a renewal of his mandate as the PLO's leader. Then, if the Israelis withdraw from Lebanon, he could allow Hussein to see what terms he can extract from Washington for "consideration afterward" by the PLO.

That view of the future, however, may be unrealistically optimistic. Hussein would clearly like to join the peace process, but he too is awaiting an Israeli withdrawal from Lebanon. The king regards the current talks as a test of Washington's ability to force the Israelis to compromise. But the talks have made little progress since shortly after Christmas. The Lebanese and Israelis are firmly opposed on all the key issues. Originally, the goal for withdrawal of all foreign forces—the Syrians, the PLO and the Israelis—was last December. Now, the earliest date appears to be midyear.

The confusion over the Kahan inquiry's report last week overshadowed the return to the Middle East of Washington's special envoy, Philip Habib. Some reports indicated that Habib was preparing a compromise to the difficult issue of early-warning radar stations in southern Lebanon, which the Israelis are demanding as a condition for withdrawal. The United States may now encourage the formation of a neutral multinational force to run the facilities. But the Israelis could spare little time for Habib with the funeral of Prime Minister Menachem Begin's government in jeopardy. Meetings with the U.S. envoy had to be squeezed in between crisis cabinet sessions.

Meanwhile, the negotiations in Lebanon continued. Last week Beirut was still rocked by the aftermath of a bomb that exploded on Feb. 5 at the Palestine Research Centre, killing 39 people and injuring more than 100. It was the bloodiest single act of violence since the end of the Israeli siege last September. Fighting between Christian and Druse Muslim militias in the eastern Ghaz mountains died down. But the fall was only temporary, since the fundamental issue—who will control Lebanon—remained unresolved and no way of keeping the rivals apart had been found. From Algiers to Jerusalem, from Amman to Beirut, the turmoil added a new, explosive element to the search for a Middle East settlement.

—BRIAN WHELAN
IN BEIRUT

Abu Jihad: tough-talking



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Horsenapping a champion

The five-year-old dark bay stallion Sherger has been described as the horse of the century. The Ireland-bred speedster ran in only eight races during his two-year track career. But he earned \$809,447, the fourth-highest take in racing history. After sweeping to victory by an unprecedented 29 lengths in the 1984 Epsom Derby, Sherger retired to an even more lucrative career at stud on Ballymore Farm, 65 km from Dublin, where his per-service fee was set at \$130,000. But last week Sherger became the latest victim of kidnapping. Armed men made off with the high-strung stallion and his groom, John Fitzgerald. And, while Fitzgerald was later released unharmed, there was no sign of Sherger. There came a \$3-million ransom demand to his owners, a syndicate headed by the Aga Khan.

Hitherto, there have been few cases of horsenapping. In 1955 a mare called Danabach was kidnapped in Italy. A ransom of \$50,000 was demanded but never paid. Carnabach turned up in a slaughterhouse stable four months later. In 1977 a thoroughbred named Philadelphia was stolen from her Kentucky stable but was found six months later, to the relief of her Canadian owner, Jean-Louis Lefebvre. However, the snatching of Sherger aroused immediate fears of an epidemic of horsenapping, and Dublin police warned against any attempt to pay the ransom. "No one is going to pay to get Sherger back," explained Irish columnist John McNeill. "That would open the floodgates."

One of the theatre police were investigating at week's end was that Sherger was the unwilling guest of the IRA. Northern Ireland Secretary James Prior disclosed that the horse trader used to remove the thoroughbred might have been stolen north of the border. But if so, the IRA may have trouble with his prisoner. Sherger had been in a special breeding club and could prove hard to handle. "He's really testing his ears," says one trainer.

As the hunt for Sherger continued, racing stables throughout the country were taking careful precautions against more kidnappings. And nowhere was security tighter than at Ballymore farm, where Sherger's first cell was born two weeks ago. That seven-year-old offspring is said to take after his champion father and is already worth \$2 million.

—BRIAN KIDMAN in Dublin, with David Halpern-Ryan in Toronto and Sam Gilbert in Rome

PEOPLE

Toronto singer Leroy Sibbles was listening to his radio recently when he heard a reggae tune that sounded suspiciously familiar. It is called *Pass the Dutchie*, and last week the song, recorded by a couple of British youths, England, schoolchildren who call themselves *Musical Youth*, dominated the pop music charts on the Continent and in Canada. Not only that, but it is expected to earn between \$254,000 and \$300,000 in publishing royalties. And Sibbles says he is suing for one-third of the revenue. The melody, he says, was originally his composition. Sibbles claims that it produced the music for the song during a recording session in Jamaica in the mid-1960s. Sibbles is not alone in his assertion. Jackie James, the *Lovestation* Web of reggae, maintains that he was also involved at the session and that the tune originated with him. Two members of the *Musical Youth*, another well-known Jamaican band, picked up the instrumental in 1980, adapted the melody, added lyrics, and changed the title from *Pass Up to Pass the Dutchie*. Musical Youth, which then altered *Koolhaas to Dutchie*, has credited both Sibbles and the *Dutchie*. The only people who are not claiming ownership, of course, are the only ones who have made the song a hit—the five kids in Musical Youth.

World champion triathlete Susan Nottmeyer came out blasting in



the 1983 Women's Superstars competition last week in Florida. Yet the 22-year-old Edmonton physical education teacher, who runs 8 to 13 km a day but "is not built for speed," declared herself "happily surprised" at the surprising, rawing and bicycling events. "The adrenaline is very strong," she said. "Looking at these women, I don't think there are many men who could beat them." After losing the tennis court to 1982 U.S. Women's Open champion Janet Lee, Nottmeyer said, "I think they brought me in for comic relief." Nevertheless, her noticeably cool head prevailed in the basketball event, in which she hit 10 out of 10 baskets from various spots on the floor to win \$1,000 and set a Superstars record.

Jimmy Carter asked Mary McCormack, a literary knowledge charmer, Nancy Reagan. Helton whispered in Lisa Wilson's ear. And tennis-chick hockey great Gordie Howe admitted, "I feel a bit like a fish out of water here."

The occasion was *Newsweek* magazine's 50th anniversary party at Manhattan's Lincoln Center, the first of a yearlong series of celebrations expected to end this year. The Washington Post Co., well over \$1 million. After a banquet that featured such soulful cuisine treats as cold spaghetti served as a bed of sliced tomatoes, guests were welcomed by company Chairman Katharine Graham, who introduced *Newsweek* and Jimmy Carter and the current First Lady. "That takes care of the A list," she remarked and moved on to other matters. As the subsequent stage show dragged on for more than two hours, authors Betty Friedan and Norman Mailer fell asleep in their seats while most of their high-powered peers fled to chauffeured limousines. Few in the audience were left to dispute the comments of the first surprise speaker from the other side of the street, Time magazine Editor in Chief Mary Grover. Noting Graham's penchant for regular perusal of the magazine's interior



Reagan with Graham: a birthday bash that dragged

stuff, Grover said he was one of a select group of editors "who has never been fired by Kay Graham."

After Martin Sheen does not actually play once-guy rules. At 43, Sheen, who was once married to James Dean, may be best known for his convincing portrayal of a psychotic army captain in *Apocalypse Now*. And, as Judge Samuel Shaw in *Erin's Law*, he is the new film, *In the King of Kings*.



Sheen: still time

wanted to send the defendant to a larger colony for suppressing with the muscles in a King of Prussia, Pa., General Electric plant, Sheen has signed himself with the peace movement. "I don't think we have a bit of time left," he says, and backs his beliefs with bucks. Sheen starred in *Pravda* for five and then donated \$3,000 to its director to help defray production costs. After making *Gandhi*, he requested that his salary of \$300,000 be donated to a Third World relief fund. *Mother Teresa* in India and a group of Quakers who once showed kindness to the railroadman. "I don't know if I have the guts to go to jail for my beliefs," says Sheen. "This is the closest I can get to prison."

—EDITED BY BARBARA BISHOP

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The Law and Conrad Black



By Ian Austen and Larissa McQuail

The elegant, two-story building on a discreet downtown side street houses much more than just another business empire. Behind the neoclassical facade at 39 Toronto St., Conrad Black has become almost a mythical figure at the pinnacle of the Canadian corporate establishment. Since he retired control of Angus Corp. seven years ago, Black's dramatic, if not always successful, manoeuvres have secured him titles as Canada's leading corporate knight: From Toronto Street and his winter retreat in Palm Beach, Fla., the stock financier has—along with his brother, Manning—achieved some form of control over at least 17 corporations. He has acquired power largely through a series of daring takeovers. The boldest strike of all took place last spring, when Black squared off with a formidable foe who fought back with a vengeance—the Hanaa Mining Co.

What is more, the actions he took while moving against the Cleveland-based mining giant opened his empire to an exhaustive police probe in Canada to determine whether a criminal act had occurred, making a false document with the intent that other people would rely on it.

The 59-year-old Black, who usually does things his way, has not taken the police probe lightly. He has strongly protested his treatment, maintaining that the investigation is preposterous. "There is no evidence," Black told Macdon's. "There is nothing. There is absolutely nothing." Within hours of learning about the police activity last May, the sometimes volatile financier sought—and immediately obtained—a meeting with Ontario Attorney General Roy McMurtry and two of his most senior officials. Black also took his complaints about "this tedious little episode" to Paul Godfrey, the chairman of Metropolitan Toronto, and to Jack Ackroyd, the chief of the Metro Toronto

police force. Black's appeals to Godfrey and Ackroyd did not have any impact. But the gathering at the attorney general's office in May set off a long chain of events. Following the meeting, the Crown attorney working on the investigation was pulled from the case, although officials deny that there was a connection between the developments. But more important, there apparently were convincing suggestions by senior officials in the attorney general's ministry to the police that they reduce their criminal investigation to a probe of a less serious charge under the Ontario Securities Act. It appears that the police resisted the pressure, but what started as a relatively routine investigation by the fraud squad has become a sensitive case that has dragged on for 10 months. It is still under way with no end in sight.

The tale unfolds in two parts. First, there is the failed takeover bid for Hanaa by Black-controlled Norcan Resources Ltd. Black's pursuit of



Black and his Toronto office (opposite): the investigation is "preposterous"

Hanaa took place over a three-year period and included guests in his private jets to exclusive clubs, corporate boardrooms and a Manhattan society hall—much of it aimed at wooing the heirs of one of the oldest family fortunes in the United States. In the end, Black landed in a bitter Cleveland courtroom drama. Some of the facts have been well documented in various publications, including *The Financial Post* and Peter C. Newman's best-selling biography, *The Establishment Men*. But Macdon's has reconstructed the story from an examination of thousands of pages of courtroom testimony and documents, which shed light on the subsequent Ontario police investigation and a tense confrontation between Black and the attorney general. Macdon's explored the events and drama in hours of interviews with those involved, including Conrad Black and Roy McMurtry.

The investigation of Black's takeover bid for Hanaa revolves around a relatively simple question—when did Black and his principal resource company, Norcan, form an intention to take over the U.S. mining giant? Black says the decision was not made until the eve of a 51-per-cent tender offer for Hanaa shares made by Norcan on April 5, 1988. But a key piece of evidence introduced in a Cleveland district court suggests that it might have been taken seven months earlier. The minutes of a meeting of Norcan's executive committee on Sept. 5, 1987, indicate that President Edward Battle announced that Norcan had started to buy a 49-per-cent interest in an unidentified U.S. company "with the ultimate purpose of acquiring a 51-per-cent interest at a later date." In subsequent testimony, both Black and Battle acknowledged that the contested U.S. company involved was Hanaa Mining. There was little discussion at the Sept. 9 meeting following Battle's description of the "target company," and the matter raised only a paragraph in the minutes. But months later that sentence reference would come back to haunt Black.

The question of when the takeover intention was formed is crucial. If it was as early as September, 1987, then Black and Norcan may have violated U.S. securities law by making false disclosures—and opened themselves up to Canadian criminal charges. For his part, when he was asked under oath in a Cleveland court if the minutes of the meeting did not prove that his intention was formed long before the spring of 1988, Black snapped, "It would be entirely possible to derive that intention



McLachlan removal of a Crown attorney from a case is, admittedly, an unusual step

COVER

impression, yes." Black has maintained throughout that the ultimate aim of acquiring 51 per cent of Hanna—apparently allied to the controversial minutes—was "only a hypothetical, long-range possibility." He has denied that the reference in any way confirms a takeover intention on Norcen's part. "Whatever an intention was at that September meeting, Black acknowledges that he had had his eye on asset-rich Hanna for some time. The move in the U.S. steel industry—Hanna's primary customer—led to a sharp drop in the mining company's profits. Indeed, the firm's 1981 annual report contains the sobering statement: 'The bottom line is survival!'"

But that had not always been the case. Founded by political power broker Mackenzie in 1852, the company's rich iron ore fields in Minnesota and northern Michigan generated enormous financial and political power. Hanna totally dominated the Republican party in the late 1800s. His wealth and influence enabled him to engineer the presidential election of William McKinley in 1896 and later to buy his way into a Senate seat.

Today Hanna's heirs—the Humphrey clan—control one of the United States' oldest industrial family fortunes. While the Humphreys hold only an estimated 38 per cent of Hanna's shares, their influence and power over the company is greatly amplified by friendly ties to other major stockholders. Among them: the Melsons, the Benfords and the Greens. In short, to a large degree the Humphreys called the shots, and their support could be crucial in any bid to take over Hanna.

Not altogether. Black began dropping hints about his interest in Hanna to the Humphreys as early as January, 1979. At that time he met in the prestigious Union Club in downtown Cleveland with the last heir to head up the mining company—G.W. (Bud) Humphrey. Black and Bud Humphrey were not strangers. Not only was Humphrey a director of Hanna-Program Ltd. at the time that Black was chairman of the Selwyn-Grove equipment firm, but Hanna also had major interests in many of Black's key holdings, among them the Iron Ore Co. of Canada Ltd., Labrador Mining and Exploration Co. Ltd. and Hollinger North Shore Exploration Co. Ltd. Joining the two businessmen at the January, 1979, meeting

were two of Hanna's senior executives, Robert Anderson and Carl Nebeker. During the discussion Black asked about "synergies" or "linkages" more reciprocal" the long-standing relationship between Hanna and Hollinger. Black and Humphrey talked about the deal again later at a board meeting and during a telephone conversation, but the results were inconclusive. In June, 1979, Bud Humphrey died suddenly after a round of golf, and Anderson took over as the firm's "nonfamily" chief executive of Hanna.

A year after Bud Humphrey's death, his son, George, and his 25th-hour office at Hanna awaiting a lunch, when Conrad Black suddenly appeared in the doorway. The date was June 27, 1980, and Black was in the building for a board meeting of the Iron Ore Co. Black wanted little time getting to the point: it appeared to him that the new management had shunted George and the other members of the Humphrey family out of the mainstream of Hanna's operations. In fact, George Humphrey was disturbed about the direction of Hanna, and he listened to Black with some interest. The two men agreed to meet later.

In August Black went to dinner at George Humphrey's home in Gates Mills, Ohio. Black again suggested—this time he gave more details—that he wanted to form some sort of alliance with Hanna. The evening ended, so Humphrey later put it, with both men agreeing to "mail over our respective positions."

Black's next approach to a member of the Humphrey family was eight months later at an industry luncheon. The event was a glittering tribute to Canada held in Manhattan's Lincoln Center Metropolitan Opera House on April 4, 1981. The gala, as Black recalled, "was a rather picturesque setting with men in white ties and ladies in long dresses." Prime Minister Pierre Trudeau was among the guests, and seated next to Black during dinner was the elegant Louise (Lulu) Humphrey, matriarch of the family and widow of Bud. As they dined, Louise Humphrey told Black that she was concerned about her sons' careers. Again Black raised the subject of buying into Hanna. He says that Louise Humphrey reacted positively when he "very gingerly" floated the suggestion.

Black was encouraged. In August, 1981, Black and Norcen president Battle discussed the value of Hanna's shares. The two top-level members of Norcen's executive committee with whom the Humphreys seemed favorable toward a Norcen investment in Hanna. As a result, Black and Battle wanted a go-ahead to buy up to 49 per cent of Hanna's stock—the maximum they could obtain without having to reveal

that that as of that day Norcen had already spent \$2 million (U.S.) to acquire 25,000 Hanna shares, or about two per cent, of the company. After hearing the pros and cons, the committee ratified the 49-per-cent stock acquisition program. That decision and the minutes that recorded it would later be a key piece of evidence in the bitter U.S. court battle to stop the takeover, as well as in the Canadian public investigation.

Wages uncertain. What the deal board assembled in Calgary the following month, on Oct. 16, Black and Battle, while reviewing the executive committee's activities, put forward the case for buying into Hanna. But the board also took action on another matter that Canadian investigators would later examine. The directors decided that Norcen would buy up some of its own shares to a total of 49 per cent. To that they approved a draft of a notice that was to be mailed out to all of Norcen's stockholders. The notice—known as an issuer bid or tender—served two functions: it invited investors to sell their shares and, as is required by Canadian securities laws, it outlined Norcen's future intentions. (One of the main

functions of securities regulation is to ensure that investors, big and small, obtain all the information they need before making up their minds about their investment plans. A company's future intentions can drastically alter the value of its stock—a plan to take over another firm, for example, may sharply boost share prices. There sometimes is the potential for unfair manipulation of share prices if information is withheld or falsified.) Included in the information is the Norcen circular, approved on Oct. 16, was a statement to the effect that Norcen planned no major changes.

The secrecy surrounding the first purchase of Hanna's shares was such that Hanna executives were unaware that Norcen had moved. Nonetheless, on Oct. 28 Black received a surprising telephone call from James Conacher, president of Toronto-based Gordon Securities, offering him a huge block of Hanna shares. But the purchase would take Norcen well above its 49-per-cent target. Black was uncomfortable. Shortly after the call, Black took the news of the development to his brother Montagu and to Battle. The three decided on a new plan. Norcen would buy Conacher's

McLachlan: debating the issue through the media is "absolutely incompatible"



Black evidently was not fazed by Humphrey's rebuff. Within four days of the rejection, Norcen wrote R.A.K. Herberson, the Canadian Imperial Bank of Commerce's senior corporate manager, requesting a separate \$20-million line of credit. The money was to be used to start buying up the first lot of Hanna shares. In the letter to Herberson, a copy of which McLachlan has observed, Norcen requested complete secrecy: bank statements were not to be delivered to Norcen's office, the number of bank employees who knew about the transaction was to be kept to a minimum, and the stock was to be bought by using only an account number.

Morale uncertain. When the Norcen executive committee gathered on Sept. 3, 1981, for its first face-to-face meeting since the great policy by telephone it had begun, a similar sense of secrecy surrounded the Hanna purchase. The minutes that record the September meeting contain a paragraph about plans to purchase 49 per cent of the stock of the U.S. company listed on the New York Stock Exchange with the ultimate purpose of acquiring a 50-per-cent position at a later date. "There was no mention of Hanna in the minutes. But the one who gathered in Norcen's Calgary offices that September morning openly discussed Hanna and the desirability of purchasing its stock. Indeed, they were

500,000 shares, making them one of the U.S. moving back major shareholders in the interest.

As soon as Black moved, an electronic stock quotation machine in Hanna's head office alerted the firm to the fact that trading in company shares was rapidly accelerating. Ward quickly called Hanna and told him that the order for more than 500,000 Hanna shares had been opened by a Canadian securities company. Vice-President

Carl Nickels, who was running Hanna while Anderson was on a trip to Brazil, was anxious to find out who in Canada was behind the flurry of trading. Nickels placed a call to Brian Maloney, Iron Ore's Montreal-based president, a Hanna director and a former—and perhaps future—Progressive Conservative leadership candidate. In the middle of the chat with Maloney, Nickels' secretary entered his office with a note saying that Conrad Black was holding an another Iron Ore's meeting. Nickels immediately assumed that Black must be the mystery buyer. Nickels tried to assure the Hanna executive, as Nickels later recalled, that he had "no sinister intentions." But Nickels was not moved. He demanded that Black set up an "open stock" on the executives of both firms could meet face-to-face.

Frantic reaction: Nickels' initial reaction, however, was mild compared to the reception Black received seven days later when he flew to Cleveland with Hanna in hopes of calming Hanna's fears. Black assured the executives that as a major shareholder he simply wanted to cooperate with Hanna's management. But when Black and Battle met Anderson and Nickels in the Shaker Square airport hotel, Black was stunned by what he later termed as "antagonistic, hostile, even frenetic reaction." Indeed, Anderson demanded that Black "pull off" the Hanna shares. Norren had bought—then he, sell them off in small lots. Black's reaction was beyond mere words. The company had already paid a \$50,000 retainer to New York's prestigious Goldman Sachs investment bank for information on Black and how to deal with him. The fight was on.

If Anderson's volcanic reaction put a

damper on Black's intentions to buy more shares, even temporarily, Black had not entirely abandoned his long-term interest in Hanna. He now approached his cousin of the Humphreys family members, trading Louise Humphreys down by telephone on the American Thanksgiving weekend at her winter home near Tallahassee, Fla. This time, however, the Humphreys widow quickly referred Black to her son and financial adviser, G. Wain Humphreys, who was visiting his mother that weekend. Over dinner, the Humphreys

with the Norren executives got under way, the visitors raised the idea of a joint tender offer—that is, a formal offer to shareholders to buy their stock at a price higher than that listed on the market. Humphreys seemed intrigued by the idea. "Perhaps we should go for 50 per cent," Humphreys suggested, raising the prospect that the new partnership could obtain outright control of Hanna. Norren's search for willing agents in Manhattan proved difficult. Battle and three other Norren executives visited First Boston Corp., an investment bank, to scout the firm as a consultant in the move on Hanna. But the bankers balked. They feared that Hanna's board might reject the offer as hostile and First Boston wanted to continue its Hanna association. As a result of First Boston's rejection, Norren Corporate Secretary William K. Bourne interviewed at least seven other investment bankers before Norren picked Lehman Brothers Kuhn Loeb Inc.

Those efforts soon proved fruitless. When the Hacks and Battle returned from consultations with Lewicki encouraged by their chat with Wain Humphreys, K. Bourne began drawing up tender offers. Still, secrecy was the order of the day. The first drafts of the tender offer outlined a joint venture with a family "2 x K. Bourne later acknowledged its outsize role in the takeover that the unnamed family was, in fact, the Humphreys.

Angry confrontation: Wain Humphreys' initial enthusiasm, meanwhile, began to fade. Throughout January, 1982, Humphreys refused to take any of Battle's calls or to return any messages. When Meetings Black and Battle finally arranged to meet him on Feb. 4, Humphreys was distinctly cool. The lunchtime meeting at Lewicki's Ridgewood Club had barely begun when Battle quickly moved the conversation to the tender offer. As Humphreys recalled it, Battle said that Norren was "ready to go" and, indeed, had already started to prepare for an offer. However, Norren's enthusiasm slowly turned to frustration when it became apparent to Black and Battle that Humphreys did not share their sense of urgency that weekend. Wain Humphreys spoke with his brother George. Later he called Wain Black and reported that he too, like his brother, was opposed to any deals with Norren. Norren had failed in its second bid to form an alliance with the Humphreys.

Events rapidly built to a climax as the volatile Anderson made his final push to oust Norren from the ranks of Hanna's shareholders. In two angry confrontations, the Hanna chief presented Black with options to swap Black's Hanna shares for Hanna's holdings in two Black-controlled companies. Still, Norren apparently was not deterred by Anderson's strongly worded ultimatum. In Toronto, Norren decided to make a bold bid. The company arranged another special line of credit with the Bank of Commerce—this time for \$40 million. Finally, on Friday, April 4, 1982, Norren officials informed Hanna during a meeting in a Cleveland hotel room of their plans for a big move. Norren proposed to acquire a 38-per-cent stock position and effective vote power over the decisions of Hanna's board. In exchange, Hanna would get cash and a commitment that Norren would not buy any more of its stock. The offer option was that two days later, on Monday morning, Norren would confront Hanna with a tender offer for 81 per cent of Hanna's stock. Norren demanded a prompt response. Shortly after the Friday meeting began at 5 p.m., Norren officials announced that their private jet, parked at the airport just outside the hotel, would return to Toronto at 7:15 p.m.—giving Hanna only two hours to decide. Battle, Hanna Vice-President Nickels. "The implication was clear that a gun was in our hand."

Hot battle: In the end Hanna rejected the Norren deal. After Norren announced plans for the tender offer, Hanna's board of directors called an emergency weekend session in hopes of fending off the bid. That decision led to the most difficult takeover battle that Black had ever fought.

Hanna immediately told its own to the courts. From the beginning, Hanna's attempt to get a court order to stop Black and Norren resembled a military operation. The company retained the Cleveland-based law firm Jones, Day, Howe & Pope, which dispatched 35 lawyers to document the details of Norren's every Hanna-related move.



Hanna drilling operation: Hanna's vice-president asked, "What the hell are you doing, Conrad?"

The effort took only 11 days, and, for its part, Norren had to face a series of bitterly fought court battles in Cleveland's erratic U.S. district courthouse. Judge John Nansen rendered a final decision on June 11 that granted a

preliminary injunction against Norren—a decision Norren immediately appealed in his filing the judge sharply rejected Norren's argument that it did not intend to take over Hanna until the end of the summer. After Wain Black

"[Norren's] construction of the record is strained and unresponsive." Indeed, Nansen concluded that the evidence in the case "establishes conclusively that Norren contemplated a takeover as early as Nov. 8, 1981, 'if not earlier.'"

The U.S. court battle had immediate repercussions in Canada. The



Wain Humphreys: "The bottom line is survival."

agreed that Wain would talk to Black. Four days before Christmas Conrad and Meetings Black, along with Battle, went to Wain Humphreys' home in the tiny Pittsburgh suburb of Sewickley. The three Canadians had already determined to try, as Battle later put it, to "join hands" with some of the Humphreys and increase their Hanna holdings, possibly through a tender offer. Wain Humphreys, vice-president of the Hanna-United National Steel Corp., not only controlled his mother's holdings but was himself a major Hanna shareholder. When the meeting at his house

Anderson/Anderson:



the U.S. court battle had immediate repercussions in Canada. The



Menon: Norcen's argument rejected

COVER

Metropolitan Toronto Police Department's fraud squad apparently read press reports of the case. Of particular interest was how the allegations in the United States related to the issuer bid circular that Norcen had mailed out to its shareholders the previous October. In the U.S. court case Hanna charged that Norcen had misrepresented its intentions in documents filed with the U.S. Securities and Exchange Commission. The Canadian issuer bid was circulated about the same time as the U.S. documents and it also said that Norcen planned no major changes. From what had already surfaced in the press, it was known in Toronto that the major thrust of Hanna's heavily documented Cleveland court case was that Black and Norcen had mislead investors by secretly favouring their intention to take over Hanna—a move which, by almost any standard, represented a major change.

If that was indeed the case, then the issuer bid might have been false. If so, Norcen was misleading its shareholders with inaccurate information—information on which the shareholders might make decisions about their stock. (Knowledge of major changes, such as a takeover bid, usually causes stockholders to demand a higher price for their stock.) The Toronto police suspected that the issuer bid may have been a

forgery as defined by the Criminal Code, since it might be a false document on which other people might rely. Two sergeants from the fraud squad, Robert Barber and Robert Greig, drew up three warrants with the help of Crown Attorney Brian Johnston, facing forgery and uttering as the suspected offence.

That was the beginning of what Black calls an "Orwellian drama." He insists that the police officers investigating him are out of control. "The actual legal case is so far-fetched and preposterous for me to talk about any more," Black told Macdon's. "The whole thing is just a charade that should have ended months ago."

Serving the warrants took the police onto an unfamiliar terrain, the world of high-powered Bay Street law firms. The officers apparently suspected that copies of the material they wanted would be in the files of the Toronto law offices of the two leading companies. Armed with search warrants, the police went to the premises of Norcen's lawyers, Oler, Bodnar and Harcourt, and to Hanna's two law firms, Oshroff, Baskin and Harcourt, and to Hanna's two law firms, Oshroff, Baskin and Harcourt, and to Hanna's two law firms, Oshroff, Baskin and Harcourt. On May 12 an angry Black telephoned the office of Attorney General McMurtry. Norcen's lawyer, Fred Izykowski, a lawyer, a spokesman of McMurtry, also put in a call. Both requested an urgent meeting with McMurtry himself, charging that someone in his ministry was interfering with the U.S. court case. McMurtry took the unusual step of granting a meeting that same day.

The attorney general is adamant that the Black case has been handled like any other. "What has concerned me," he says, "is the suggestion that Conrad Black, because of his prominence, would be able to influence the course of any police investigation that is within our jurisdiction. The line that that could take place I find quite offensive, because the integrity of the criminal justice process to me has to be a number 1 priority." De-

spite McMurtry's insistence that the Black case was treated in the usual manner, some of those familiar with the investigation contend that it was not. They charge that the May 12 meeting between Black and McMurtry was the first in a series of unusual events, including the abrupt removal of Crown Attorney Johnston from the case, what was interpreted as pressure on the police from the ministry to change the

headed by a cabinet minister."

It was late Thursday afternoon, May 12, when Black and lawyer Izykowski were ushered into McMurtry's 19th-floor office just around the corner from 10 Toronto St. Black and his lawyer confronted McMurtry with accusations that Norcen's court battle in the United States was being improperly influenced by the police investigation in Canada. McMurtry was surprised. It was the

we're routinely regarded as criminals in our home jurisdiction."

McMurtry told Macdon's that he never would have met Black had he known the financier was under police investigation. "If I had known there was an ongoing criminal investigation, it's highly unlikely that I, as a cabinet minister, would not have taken place," the attorney general said. "I've always avoided meetings with people whom... there's an ongoing criminal investigation." However, McMurtry did not immediately end his meeting with Black when he learned that Black was under investigation. He listened to Black present his concerns and complaints about being the victim of a "groundless investigation." In addition, McMurtry told Macdon's that at that meeting he examined a search warrant that was handed to him by one of Black's lawyers.

Indeed, McMurtry insists that the handling of the investigation was not at all influenced by the fact that it dealt with Conrad Black, one of the country's most prominent businessmen. Nevertheless, McMurtry concedes that following his meeting with Black he ordered a two-part review of the case. First, he decided his ministry would have to probe Black's allegations that there was an attempt to influence the U.S. judges. Then he ordered his officials to review whether there was any offence at all, if so, of what kind. McMurtry acknowledges that from the outset he and his ministry officials considered the possibility that the Black matter should not be investigated as a criminal offence, but rather as a lesser violation of securities regulations. Said McMurtry: "From the beginning, I was aware... of the fact that one of the issues was... if there had been any misapprehension, the action that would have to be made, obviously, is... whether it was a breach of securities legislation or of the criminal code. That's been an issue from the beginning. There's no doubt in my mind about that."

The difference is significant. A criminal offence brings an accused before the courts where, upon conviction, there is a real prospect of going to prison. A securities conviction carries far less risk of a jail sentence and frequently results in only a small fine.

McMurtry says that after telling his officials to review the matter, he left the decision to them. But he acknowledges that he offered one opinion to his deputy, Dick—one that apparently trickled down the chain of command. That opinion related to the suspected forgery charge listed on the search warrant.

Says McMurtry: "I think my senior criminal law adviser agreed with my preliminary view that if an offence had been committed, that was not the offence."

In the days following Black's visit to McMurtry's office, Crown Attorney Johnston was griffed in several key sessions by deputy attorney general Dick, and by Rod McLeod, then head of the ministry's criminal division. At the end of the session McLeod pulled Johnston from the case. He concedes that the removal of a Crown attorney from a case is an unusual step. And certainly Johnston's departure later stirred a great deal of controversy and speculation.

Varying accounts in the attorney general's ministry there are varying accounts of the reasons for Johnston's removal. McLeod will only say that he was not satisfied with the work Johnston did. Dick emphasized that Johnston, an expert securities lawyer, was not as experienced in criminal prosecutions



District court building in Cleveland—the issue was, when was the intention to take over Hanna turned?

course they were following and unusual efforts to keep the proceedings secret.

If those claims are true, they are all the more surprising in view of Ontario's strong tradition of independence for Crown attorneys and police officers. The tradition is based on the principle that only by guaranteeing both the freedom to conduct investigations and prosecutions without interference can policies be kept out of the criminal justice system. McMurtry himself lacks this concept. "Our view is that the police should have this degree of independence from the ministry of the attorney general, which is

first time he had even heard that a Canadian criminal investigation of Black was in progress. In fact, he had never even asked an official from the criminal branch of his ministry to attend the meeting. Instead he had requested that Dennis Wright, the head of the civil section, attend with deputy minister Randall Dick. McMurtry was even more surprised when Black claimed that Johnston had phoned Judge Hanson when he was in the midst of preparing his ruling on the takeover bid, and that Manes had been given a copy of one of the Canadian search warrants. This was all done, Black told him, "in such a way as to make it look like

that from the outset he and his ministry officials considered the possibility that the Black matter should not be investigated as a criminal offence, but rather as a lesser violation of securities regulations. Said McMurtry: "From the beginning, I was aware... of the fact that one of the issues was... if there had been any misapprehension, the action that would have to be made, obviously, is... whether it was a breach of securities legislation or of the criminal code. That's been an issue from the beginning. There's no doubt in my mind about that."

The difference is significant. A criminal offence brings an accused before the

Black: "John Hancock" with the Hampshires



Howard Morton, director of the branch that handles commercial crimes, says that the fact that Johnston did not report the case to his superiors may have been enough to spark the removal. In any event the case was not Macroe's telephone call. It became clear that, despite Black's charges, Johnston had done nothing in attempt to influence the U.S. court. In fact, it was Morton who placed a call to Johnston. Says McMurtry: "Brian Johnston can't present a judge from phoning him."

With Johnston off the case, the two police arguments, along with their supervisor, Staff Insp. Mark Dodson, were summoned to McLeod's office. He told them not to deal with Johnston, that he had been replaced by a new team of three of the ministry's most senior people. Besides McLeod, the new lineup included Morton, of commercial crime, and McLeod's assistant director, Harry Black.

In any case, McLeod was now in control. Known as a tough, no-nonsense promoter from his role in the lengthy Hamilton harbor dredging case, McLeod was a commanding presence in the room. With the group assembled around him, he explained that his complaint with Johnston centered around the search warrant, the supposed forgery charge (filed on it was too inflammatory. He indicated that McMurtry had been embarrassed by meeting with Black without knowing a criminal investigation was under way. McLeod also had a special request: he wanted to be told in advance of any action the police planned to take in the Black case. By the end of the one-hour meeting, McLeod had painted a picture of how he saw the new team and the police working together—hand in glove.

McLeod soon brought in officials of the Ontario Securities Commission, and a clear theme emerged at subsequent meetings: Johnston replaced the police, at least for the time being, to consider pursuing their investigation as a lesser



Palm Beach during pre-111-hour grilling case. Hanna lawyer roared, "Don't shoot at me, pal!"

criminal offense. McLeod said his main concern was for the "Tiffie [Norton] shareholder in Smith's Falls," who could see the value of shares drop with any newspaper account linking Norton to a criminal probe.

But McLeod's suggestion had the potential to jeopardize the entire investigation. The potential problem was related to the search warrants. The warrants already executed indicated that the police were gathering material for a suspected criminal charge. But what if the police were to downgrade the suspected wrongdoing to a subsequent warrant to just a securities violation? And what if, later, they determined that there indeed was evidence for a criminal charge? It would then be argued that they had lied, in swearing on the later warrant, that they were merely investigating a securities matter. Evidence gathered with the later warrant could well be thrown out at court.

Eventually, McLeod bowed out, and Morton's assistant, Harry Black, took

over the day-to-day handling of the case. But suggestions to change the charge notified as the investigators tried to draft a search warrant for Norton's office. The income lasted for several weeks, until the police relented and agreed to file a suspected securities violation on the warrant. Just before the Canada Day weekend, the police reluctantly told Harry Black that they would agree.

But within a week the police changed their minds again. Apparently, fearing that they were joining the investigation in jeopardy, they returned to insist that the warrant should list a criminal charge. Several days later the ministry agreed. But there was a wrinkle: police were to be taken to keep the warrant secret. Because of a recent Supreme Court of Canada decision, search warrants are now available for public and press scrutiny. However, there are some provisions for keeping them temporarily secret—usually at the request of the police when they feel an investi-



gation would be hindered by disclosure. The police ultimately agreed to the secrecy request.

It was now late July, 1982, and the police had been trying for roughly two months to get a routine search warrant. Now, when the document seemed within reach, it became unnecessary. The attorney general's ministry had negotiated a deal with Conrad Black's lawyer, Peter Atkinson. Under the terms, Conrad Black and Norton agreed to supply voluntarily any information the police needed, thus obviating the need for a search warrant. The police accepted the offer, and the warrant never appeared.

About this time, Hanna and Norton settled their feud in the Ontario Superior court of justice. In exchange for \$90 million, Norton got 30 per cent of Hanna's stock and became the mining company's largest shareholder.

Personal problems: But in Toronto the Canadian investigation continued, and Conrad Black's impudence mounted. The no-search-warrant agreement almost fell apart in October when the police asked for documents relating to Black's takeover of Norton in 1979. Black balked, and his lawyer, Atkinson, wrote Harry Black charging that it seemed that the police were involved in "an unwarranted fishing expedition." Black, Atkinson, Norton's Kilbourne and Haycraft of the Oiler law firm decided that they would no longer co-operate. If the police wanted the material, they would have to use warrants—warrants that Conrad Black and Norton would challenge in court. But the agreement was renewed in early November amid indications that the investigation would shortly be finished.

Conrad Black also continued his personal protests against the investigation. Black maintains, however, that his anger was not directed at McMurtry's ministry. "My quarrel in this matter has never been with the attorney general's department," Black told Maclean's. "They very promptly removed Johnston from the case," he added. He pointed, rather, was directed at the police. And Black, used several opportunities to make his case known. In a letter last July to McMurtry that began "Dear Ray," Black wrote that he had taken his complaints to police officials. "I have requested from [Miss Toronto Chairman] Paul Godfrey, in his role as a member of the Police Commission, a clarification of these matters, and Paul and Chief Askegard are now exploring the subject further." (Godfrey refused to comment. Askegard acknowledged that Black approached him, but he took

for us. But... I am concerned about some... social issues, and one of them is what happens to somebody who doesn't have the means of self-defense that Norton does.")

In fact, the whole affair has left almost everyone connected with it unhappy. Those involved in the investigation have watched it drag on with no immediate end in sight. The attorney general is disturbed that Black's "leakings" have harmed the reputation of the justice system as a whole. He wonders what fuels Black's imagination. "Maybe," McMurtry says, "we should all try to become obviously less intelligent. It has produced some degree of financial success." Says McMurtry: "I find this was only highly unusual, bizarre, peculiar, I find it absolutely incredible that a man in [Black's] position would not deal with any questions he had through normal channels as opposed to debating the issue through the media." Black asks, "Wouldn't you say it's because more of a drama than a legal investigation?"



The Humphreys—Ray (left), George (below) and Wietze (right) at the trial.

no action at all as a result.)

After his spring meeting with McMurtry, Black took his complaints on his private rounds. At an Ontario government luncheon for former U.S. secretary of state Alexander Haig last November Black complained to McMurtry in colorful language about the length of the investigation.

Throughout, Black has maintained that his principal motivation in attacking the investigation was altruistic. Said Black, in a taped interview: "I'm not worried for myself or our company because we can take care of ourselves. I know—surely in the absolute certainty of our total innocence—that eventually this smear job will come to the attention and it deserves... and that's the



With Ann Phillips in Toronto.

Stirring the sweet scent of recovery

By Michael Posner

The worst, it seems, is over. At last, after months of agonizing and false hopes, the bleak and despair world invisible since the Great Depression appears to be ending. The signs of recovery are still modest, hidden in the arcane graphs of leading economic indicators. For the most part, they have appeared in the United States. Elsewhere, the economic revival still remains more a convincing rumor than a substantiated fact. But slowly and unsteadily the U.S. economy is recuperating, fueling hopes that once

it in the United States) and recent wage settlements have been no less increases in major contracts last year were the lower since 1960) that low unemployment will pose an immediate threat. Still, the ballooning U.S. deficit—\$189 billion for fiscal 1984—could well abort the recovery. Genuine growth will require vast sums of capital to underwrite new plants and equipment. But without substantial cuts in federal spending, the Treasury will crowd out other contenders in the money markets simply to finance its debt.

Currently, however, Ronald Reagan's

reluctant to declare the official end of the recession, fearful that one month's positive statistics might simply be an aberration. But most private economists without political constraints show no hesitation in writing the recession's long-awaited obituary. "The recovery has certainly begun," says Chase Economists Vice-President Leon Task. "The strength we're seeing is due to a better mix of monetary and fiscal policies, a rebound from the massive inventory liquidation of 1982 and the decline in the interest rates." But even the most sanguine observers concede that unemployment is likely to remain at



Vendor's inducements for buyers in a Canadian car showroom indicate that an upturn is afoot in the United States.

more it will pull its trading partners back to prosperity as well.

In dozens of industries, in retail sales, in new factory orders and countless other barometers of growth, the evidence suggests that the U.S. economy has finally touched bottom and is on the rebound. Indeed, the question now haunting government policymakers and economic sages is how strong the recovery will be and whether, spurred by a deliberate easing of the money supply by Federal Reserve Board Chairman Paul Volcker, it might include inflation.

However, analysts consider the risk of renewed inflation to be remote—at least for now. Factories are so idle (they are working at only 65-per-cent capacity

administration is revelling in the stream of upbeat economic news. For the first time in a year, unemployment fell—to 30.2 per cent in January. New car sales climbed for the 10th successive 30-day period. Housing starts, a key indicator, continued to gain strength, adding impetus to depressed lumber industries and household durable goods sales. Consumer debt expanded—a sign of new buyer confidence. And, propelled by lower prices for fuel, inflation continued its slide. Last month the producer price index dropped by a full one per cent—the largest drop since records were first kept in 1947 and another clear sign that inflation has been dealt a decisive blow.

Administration officials have been

dramatically high levels into 1984.

To a great extent what happens in the United States will determine the strength of Canada's new recovery. As in the States, the Canadian stock market has been on a roll, interest and inflation rates are down and consumer confidence is on the rise. Another important bellwether of an upturn—consumer spending—has also been showing signs of life. Spurred on by hyper-incentive programs, auto sales, too, are picking up in Canada, although not as quickly as in the United States. What is more, falling mortgage rates are sustaining an upsurge in the housing market that began last fall. After an abysmal 1982, residential construction is predicted to grow by eight per cent this

year, according to the Conference Board of Canada. Now, economists in Canada are confidently predicting as well that the recession is over. But with unemployment still at 12.4 per cent and with Ottawa's deficit posing a psychological burden, the Conference Board believes that 1983 will be a year of slow rejuvenation (1.6 per cent real GDP growth), with a stronger surge in 1984. Still, those figures rely entirely on the U.S. economy. Canadian Street Smiles, the board's informal forecasting director. "The crucial variable is what happens in the United States."

Within the narrow limits of its economic autonomy, the Trudeau government is now preparing a budget that observers predict will be mildly stimulatory. Expected in mid-March, the budget document will probably expand the deficit from its current \$29.9-billion range to as high as \$30 billion, adding job creation programs as well as higher wages for social welfare. But Canada's economic future is so closely tied to that of its southern neighbor that the best Ottawa can do is some creative fiddling at the margins.

Overseas the Europeans seem skeptical about the strength of the U.S. recovery and its longer effects on their own economies. The recession in Europe has been less severe than in North America, largely because of vast government welfare programs. "Expensive but safe ports," says Edmund Sillman, director of the Hudson Research Institute in Europe, of the Continent's recession-fighting medicine. Still, such comparisons do little to block the birthpang faced by Europeans as their economies contracted last as U.S. politicians were trumpeting signs of an upturn. Last week, West Germany learned that their unemployment rate had risen to a post-war high of 10.2 per cent in January.

Meanwhile, the British learned that their unemployment rate had soared to 12.8 per cent in the same month—the highest in the European Community.

And, so in Canada the jobless tales are taking the lastre of signs of a recovery in Europe. In Bonn economic uncertainty still prevails until after the March elections in which the fate of Helmut Kohl's Christian Democrat government will be decided.

At there is expected to be little movement toward a German recovery until the second half of 1983. The government is predicting

Forecasts for Canada's economy				
Agency	GDP 1983 (%)	GDP 1984 (%)	Inflation 1983 (%)	Unemployment 1983 (%)
Conference Board of Canada	1.6	3.0	7.0	12.0
International Ltd.	1.5	3.0	7.0	12.0
Royal Bank of Canada	1.5	3.0	6.5	10.7
Bank of Montreal	1.5	3.0	6.4	11.5
Bank of Commerce in Canada	1.5	3.0	6.4	11.5
Wood Gundy Ltd.	1.5	3.0	7.0	12.0
Prinsep Mackay Rasmussen Ltd.	1.5	3.0	7.4	12.4
Barr's Fry Ltd.	1.0	3.0	8.0	12.5

zero growth for the year, which is at least better than the 1.6-per-cent decline in 1982. In Great Britain the forecast is marginally better, with a 1.7-per-cent economic growth rate predicted by some experts. After a three-year battle, inflation is down to 5.4 per cent, the lowest in 13 years, and consumer spending is already increasing. In France, where Socialist President François Mitterrand belatedly joined the West's inflation-fighting handwagon after a brief flirtation with stimulative policies, unemployment now stands at nine per cent. And the unemployment rate is expected to increase this year despite a predicted two-per-cent growth rate in the economy.

Overall, most analysts foresee a shallow European recovery in 1983 brought on by falling interest rates and a weaker U.S. dollar. But the threat of increased protectionism and renewed U.S. competitiveness (due to a cheaper dollar) hang over the EC, and between confidence is at a low ebb.

Europe's outlook is echoed by U.S. budget director David Stockman. And, like the presidential aides, acknowledge that the deficit will eventually choke off the recovery if it is not corrected. Stockman's proposal for a standby loan to take effect in 1986 is not likely to gain wide support, and Congress lacks the political thrust to cut spending—either in defense or social benefits—by amounts that would make a noticeable difference.

All in all, then, while the world's economies may finally be over, there is no guarantee that recovery can be sustained. But Canada and Europe are betting on the United States to lead them out of a bitter period of economic contraction. And the odds are more promising than at any time in two years.

As well, the U.S. economy may also be adversely affected by events elsewhere. While some cheer the dramatic collapse of the 1980 oil cartel, a dramatic price plunge could force the debt-ridden oil exporters, such as Mexico, to default on debt, putting capital-wield U.S. banks at risk of bankruptcy. A global oil shock in 1983 could force the bankers, far from forced to accept the consequences of injudicious loans.

In one proposed bill, banks would be required to write off a portion of their bad loans and convert the rest from short-term to long-term debt at lower rates of interest. In return, Congress would agree to increase the U.S. quota to the International Monetary Fund. The large U.S. banks are seriously seeking a "quota increase" because without it the dollar nations are more than likely to declare default. In short, the American taxpayer—not for the first time—will be asked to carry the burden of bailing out the banks.

Waiting last week in Washington, the U.S. presidential body approved a nearly 50-per-cent increase in special drawing rights, with \$63 billion from the United States, subject to congressional consent. This amount is less than the \$5 billion or \$6 billion normally expected and may make its passage somewhat smoother. But there is broad bipartisan opposition to any bailout from both conservatives and liberals. Many are afraid diverting funds from domestic needs.

All in all, then, while the world's economies may finally be over, there is no guarantee that recovery can be sustained. But Canada and Europe are betting on the United States to lead them out of a bitter period of economic contraction. And the odds are more promising than at any time in two years.

With Carol Goss in Ottawa and Merrin McDonald in Paris.



Attended low growth

The foreign banks' setback

There is a tinge of bitterness in the voice of Larry Chamberlin, the 40-year-old president of the Montreal Bank of Canada. Discussing the institution's performance since it opened for business as a Canadian chartered bank in October, 1981, has pragmatic gloom. "On balance, it has been a negative experience. We have increased our costs and reduced our flexibility," he says. Chamberlin's dispirited mood is shared by many of his counterparts as the 54 other foreign banks that rushed into the traditionally protected Canadian banking field in the past 18 months under new, more liberal provisions of the 1980 Bank Act. The failure of a gala launching parties with bullish promises of shaking up the subsector, if profitable,

formed better than others. Chamberlin's Morgan Bank, for example, made more than \$4 million. But 31 of the newcomers actually lost money in 1982.

Banking analysts point out that the foreigners did not pick a propitious time to set up shop as the recession druid up the borrowing needs of corporations, their major customers, and they have in the balance books of all banks. As well, Maurice Clement, special adviser to the federal inspector general of banks, William Kennett, noted that the new banks faced the additional costs of opening up the operations last year. Says Clement: "It was a difficult year for all banks, and the new banks had considerable start-up costs." But many of the foreign bankers feel that the system is stacked

owned banks for large corporate loans in the \$200-million-plus range. Not only that, but each bank is allowed to "lever" its total capital 30 times. (For each \$1 of capital, a bank can loan \$29.99 in assets, the Bank of America, with \$55 million of capital, can bank \$1.1 billion of Canadian assets.) It is a brilliant device to control the growth of the new banks, but many of the foreign bankers feel it is unfair since the large Canadian banks may lever their capital 30 times. As Jennings Werner, the president of Continental Illinois Bank (Canada), notes, "The Canadian banks have a competitive advantage."

For his part, Kennett denies that the system is discriminatory. "The eight-per-cent limit is in the law," he says, "and it won't be changed until the next Bank Act revisions. As for leverage, we treat the foreign-owned banks like other Canadian institutions. The new Canadian-owned chartered banks operate under similar conditions." But it is Kennett's insistence on treating the new banks like small Canadian institutions rather than as adjuncts of huge multinational banks that irritates the new bankers. Says Morgan's Chamberlin, "In no other country in the world but Canada do banking authorities not take into account the capital of the parent in defining lending limits. They're trying to make us act like a small bank."

Inevitably, those limits result in the new foreign-owned banks sending much of their loan business back to head office. Says Jennings Werner: "The effects will be to siphon off potential tax income to a non-Canadian source."

As the frustrating experience of the foreign banks indicates, their new chartered status has worked to the advantage of the domestic banking community. Says Ian Jarvis, foreign bank secretary of the Canadian Bankers' Association, "There is no doubt that the present banking legislation has reduced the foreign banks' ability to compete." Before they were granted charters in Canada, foreign bank branches simply passed as business to their parents or operated as "near" banks. Still, between 1976 and 1980 their assets grew by 347 per cent to Canadian chartered banks' \$1 per cent. Since they have become full banks, the foreigners have grown only twice as fast as their Canadian counterparts. It is no surprise that the newcomers are straining at their regulatory shackles.

—ROBERT COLLIER in Toronto.



Chamberlin bucking under a system that is "bitterly discriminatory"

world of Canadian banking has given way to competitiveness over year-end results disappointing enough to upset the most three-striking money manager.

Clearly, these Canadians who feared that foreign banks would upset the steady domestic system have been proven wrong. Although 1980 was a bad year for almost every bank—foreign or otherwise—it was an abysmal inauguration for the foreign newcomers. Their profits totalled \$35.8 million, compared with the \$6.5 billion made by Canada's 11 domestic chartered banks. Indeed, while the overall returns on equity for the domestic banks slipped from 17.7 per cent in 1981 to 13.8 per cent in 1982, the return for the foreign banks last year was a meagre four per cent.

Clearly, none of the new banks per-

formed better than others. Chamberlin puts it, "It's bitterly discriminatory."

The foreign banks also still face a host of regulatory restrictions that are hindering their growth. Under the terms of the 1980 Bank Act, the foreigners are allowed only eight per cent of \$14.6 billion of the total banking system's domestic assets (total loans and investments). In order to dole out this market share, the government grants each new foreign bank a "dormant" capital base. It is the meagre size of these dormant capital bases that has foreign bankers fuming. For one thing, under instructions from the inspector general's office, no bank can normally lend more than 50 per cent of its capital to any one customer. This means that the foreign banks are effectively blocked from competing with the Canadian-

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The coming of Canagrex

By Peter C. Newman

Since, if ever before, has a piece of agriculture so excited Western Canada's farming and business communities. Agriculture Minister Eugene Whelan's sponsorship of the new Canagrex agency, benignly billed as "a Crown corporation that would promote, facilitate and engage in the export of agricultural food products from Canada," has set East against West and private enterprise against the public sector in a pitched battle to determine how Canadian food products will be sold abroad in the future.

Canagrex forms an integral part of the Trudeau government's agricultural strategy, which calls for a 66-per-cent increase in agricultural production within the next two decades. The new Ottawa-run agency would be in charge of selling all food products except wheat, oats and barley (already handled by the Canadian Wheat Board) and all milk products (handled through the Canadian Dairy Commission).

The embattled Mr. Whelan has been criticizing the country, badly denying that his bill "is a takeover of the industry, a Communist plot or any of the other federal government propaganda stories are claiming." The minister views the Canagrex battle as the apex of his political career. He points out that the original bill has gone through 14 amendments to remove most of the sting coming attacks by its opponents. The new agency would, for example, be able to enter into treaties only as a partner (a joint venture with current traders, "it will not," Whelan insists, "act unilaterally, ignoring the current players in the agricultural export trade"). Canagrex's enemies—who include a score of organizations ranging from the Alberta Beefproducers' Association to the Canada Crushers of Western Canada and the governments of four provinces, have condemned it as everything from "naïveté" to "a government smash infecting the entire food industry."

Even its die-hard opponents took the bill's provisions for supporting food sales abroad through better export financing, credit guarantees, marketing analyses, the privatization of processing technologies and increased promotional efforts. The objection comes with Section 14 of the bill, which would grant the new Crown corporation monopolistic trading powers, including the right to purchase, package, process and sell

nearly all agricultural products not now touched by other marketing boards. Thus, the industry feels (to put it mildly) would be redundant, inappropriate and misdirected.

One of the legislation's most effective behind-the-scenes critics has been David Richardson, president of Trillium Products and a son of Winnipeg's legendary grain dynasty. "Private and co-operative sectors of agriculture in Western Canada view the government embodied in the legislation of Canagrex as



Richardson 'yet another East-West rift'

being totally inconsistent with Whelan's stated objectives, which were supposed to be the promotion and development of trade. We wholeheartedly endorse that kind of agricultural export initiative, but what he is really proposing is a form of nationalization. And even if we could let Mr. Whelan do these things, he keeps denying that, he cannot speak for his successors."

Richardson and Canagrex's other critics view the bill as the creation of an agricultural Petro-Canada, competing

directly with private business. "Our concern is that it is quite clearly impossible to do what has been stated by the world for us to happen—in central grain and markets—without nationalization," Canagrex's enemies don't deny the extent of their self-interest involved but genuinely believe that whatever its drawbacks, free enterprise assures farmers of the best prices and most efficient marketing techniques. Whelan, who has always been a strong supporter of marketing boards and government controls, sees his championing of the bill as an ideological battle on behalf of the little guy. He feels strongly that private traders have been able to maximize the export opportunities that exist and that, in fact, there are many state buying agencies that do not deal with the individually owned marketing outlets. Outside the Communist world, only one (Canada's Agropur) is actually government-owned. Sopex in France is 66 per cent in private hands, the Centre Marketinggesellschaft in West Germany is entirely controlled by producers, wholesalers and processors, and Mexico's Canagrup in mainly involved in internal marketing.

Interestingly enough, Alvin Hamilton, the agriculture minister in the Heintzen government, who knew more about farm marketing than most experts have forgotten and has earned a reputation as a grassroots populist, is adamantly opposed to Canagrex. He maintains that farmers benefit the most if food marketing stays in private hands instead of being controlled by a centralized price mechanism.

"We see this as the development of another East-West rift in the form of legislation from south-central Ontario being unilaterally imposed as the Canadian agricultural community of large," claims Richardson. "Whelan is forcing on all of Canada a piece of legislation obviously distasteful to a great number of people, including the small farmers who Whelan insists are his overriding concern. We have a right to protect the business we have built up over the years, but more than that, we have a responsibility to warn the public at large of the dangers of government involvement. It's a tough world out there and it's no place for individuals not personally at risk in the deals they make."



Vancouver Saffie in front of the new gallery site; a both of five still to come

ARCHITECTURE

End of a design debate

In surprising choices last week the federal cabinet picked radically different architects, Moshe Safdie and Douglas Cardinal, to design two of the most important buildings in Canadian architecture. The cosmopolitan Safdie, best known as the architect of Expo 67's Habitat—a trailblazing construction of modular boxes—will design a new home for the National Gallery near the Parliament buildings on the Ottawa River. And Edmonton architect Douglas Cardinal, noted for his use of irregular, rippling forms in Prairie buildings, will design a new National Museum of Man at the opposite bank in Hill, Quebec's Laurier Park.

Both architects are less familiar figures on the Canadian architectural scene than the five they vanquished in the last round of the controversial competition. (The losers were the firms of Arthur Erickson, Barton Myers, Raymond Moriyama, Ron Thom and Elizabeth Zender.) Since Habitat, the 41-year-old Safdie has put his design stamp on structures around the world but has built nothing major in Canada (although he recently won a competition to design a new Musée de la Civilisation in Quebec City). An Israeli-born Canadian citizen, Safdie runs offices in Montreal, Boston and Jerusalem and is currently presiding over massive urban developments worth \$600 million in London, Australia, the United States and Singapore. By contrast, Cardinal, a self-proclaimed 40-year-old Mito, avoids travel and has never designed anything east of Winnipeg.

Last week's announcement ended a year-long selection process, which allowed any Canadian architect to become only a few select firms were invited to compete for the projects (total budget: \$106.5 million) and because the decisions were not made by an architect-dominated jury. The competitors were judged on track record, architectural philosophy and compatibility with existing style, as well as a strictly design proposal. The issuance of the projects is indicated by the fact that Safdie was the gallery commission, even though he had submitted a museum design. Grumlich May Dubois, president of the Royal Architectural Institute of Canada, "This is even more so than I had imagined."

The finished drawings are six months away, but few observers doubt that both buildings will be dramatic when they are completed in 1982. Cardinal will incorporate a "landscape-like" and "architectural" style, while Safdie will incorporate a "landscape-like" style. By contrast, Safdie is an international modernist who can bring form and humanity to that often bleak style. For the gallery, he envisages introducing an abundance of natural light, "a strong presence on the skyline" and a "feeling of growing out of the dark, grey rock, emerging to the river." Whatever they create, both architects will face what Cardinal anticipates to be a "bath of fire" from some colleagues. As one rejected architect commented fairly last week: "The proof of the pudding is yet to come."

—GILLIAN MACLEAY in Toronto

PRESS

A tabloid's racy reprieve

Quebec's new is the Montreal-based newspaper chain that publishes two dailies and 28 weeklies—among them the racy tabloid *Le Journal de Montréal* and *Le Journal de Québec*. It has grown fat by acquiring founding newspapers and late last week it was back on the acquisition trail, snatching the purchase of *The Winnipeg Sun*, a straggling tab that rose out of the ashes of *The Winnipeg Tribune*, which folded in August, 1980. Staff Editor Paul Sullivan "From what I have seen so far, I'm quite happy about the change in ownership."

The takeover could not have come at a better time for the Sun, whose circulation of about 35,000 makes it a weak rival to *Thompson's* *Winnipeg Free Press* (circulation 270,000). Sun Publisher Thomas Denton, who started the tabloid with Winnipeg businessman Alfred Davies and Frank Goldberg, says that much of the paper's financial problem has been the lack of major advertisers, a man who has remained loyal to the *Free Press*. The tabloid's profits were also undercut, says Denton, because it did not have its own printing facilities.

The paper will likely undergo a facelift under the helm of Quebec President Pierre Paré, a man who the 1980 Davy report on mass media described as "the king of the pop weeklies." The Sun, an independent paper not linked to *The Toronto Star* organization, was formerly a serious tabloid with local and international stories. With Quebec ownership it is expected to adopt *Le Journal's* popular and profitable crime-sports-and-sex format. Editor Sullivan, for one, welcomes the new image. "I have a stack of [Quebec] Journals on my desk and a couple of *South Express* and I think they look okay," he says.

Quebec's new profits for 1982 totalled a respectable \$6.3 million, which he was able to keep its first acquisition west of Ontario alive with ease—for the time being at least. But because of the massive financial losses Quebec suffered when its six-year-old tabloid, *The Philadelphian*, folded a year ago, Paré would be looking for a quick return to health.

—CAROL BURMAN in Toronto, with Peter Carleton-Gordie in Winnipeg and Jon Kalish in Montreal.

A toehold for profit-making hospitals

By Ann Kerr

The more was scarcely noticed by patients and staff in the corridors of the Hawthornby and District General Hospital. But when a two-line-noting new administrator representing a private U.S.-based management corporation set up shop in the hospital last month, the effects spread far beyond the 116-bed institution near Ottawa. AMI (Canada) Ltd., a subsidiary of American Medical International, an Los Angeles, is the first private company to acquire operating control of a public hospital in Canada. New, many observers who believe that Canadian health care should not be viewed as a profit-making business are expressing strong opposition to the company's prescription of staff cutbacks and fee-for-service clinics for the financially troubled hospital. With other profit-oriented hospital management firms warring in the wings, Ontario Liberal vice and party health critic Rivlin Cooper says, "We see this as the wedge in the door for private enterprise."



McLaughlin, speaking clinic and gourmet meals

Since the start of public hospitals and medical insurance in the 1930s and universal medicine in 1968, Canadians have grown comfortable with the existing system of government-controlled health care. Although there are still 81 private hospitals operating in Canada, virtually all of the remaining 1,182 are publicly funded and managed as nonprofit operations either by independent boards of directors or boards responsible to provincial health ministers. But rising health expenses have begun to create doubts about the efficiency of Canada's vast health care system. The total cost of all health institutions in Canada from 1976 to 1981 soared 70 per cent—from \$8 billion to about \$14 billion. The costs, combined with complaints about long hospital waiting lists and bed churning, have led politicians to trumpet the need for more streamlined hospital management.

As a result, the Ontario health ministry, far, once, recently used hospitals to initiate such fast-tracking programs as stress clinics and to raise additional money by renting any available retail space in that spirit, Kingston General Hospital now serves four-course gourmet meals to patients for a hefty \$20 a plate. The Ontario ministry also approved AMI's Hawthornby bid.

But, while AMI has been given broad financial powers, it must still report to the hospital's board of governors, and, as with other hospitals, the Ontario government will oversee its operations. For its part, AMI plans to provide the hospital with access to cost-saving international purchasing agreements for supplies and equipment as a means of easing the institution's financial problems. It has already brought in a full-time administrator, John McLaughlin, former executive director of a New Brunswick hospital, and three consultants from the head office of American Medical International, which last year had profits of \$78 million for

operations in 12 countries from South America to Australia. Not the least of AMI's inducements to the Hawthornby board was an agreement to arrange a \$5-million loan needed for a planned new 110-bed hospital. "On our own no bank was willing to lend us the money," said board Chairman Laurent Cayer. AMI will also try to reduce the hospital's annual operating budget of \$7.5 million by \$750,000 a year within three years and eliminate the yearly \$200,000 deficit. In return, AMI receives \$300,000 a year in fees and half of all savings beyond \$750,000. That arrangement, however, is not likely to produce large profits, said McLaughlin. "We are going to need at least one more hospital in break-even," he added. "There must be 10 or 15 hospitals in the country whose boards have all kinds of trouble. Now they have an alternative," said McLaughlin.

So far, no other AMI hospital contracts are pending, though the company says it is discussing the possibilities with a number of hospitals in Ontario and Alberta. Still, AMI's plans have raised public concern. The Ontario Health Chairman and the Medical Reform Group of Ontario, which represents 280 doctors and interns, are alarmed by the company's plans to cut staff at Hawthornby by 10 per cent during attrition and to charge fees for each community service as a weight-loss clinic. "Privatization is a creeping menace," says Dr. Debbie Copen, a reform group member. "Private hospitals in the United States charge patients for cotton balls, Band-Aids and drugs, and the concern is that this could happen unthinkingly here." The Canadian Union of Public Employees has also expressed fears that staff cutbacks would intensify an existing problem of hospital understaffing. "I think the Canadian instinct is right to be suspicious of the profit-making motive," says University of British Columbia health economist Robert Evans. "If the hospitals have trouble meeting debt payments, you could get them pushing up lab rates and therapeutic charges to make more money." Indeed, at one AMI hospital in Rock Hill, S.C., last year in-

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RCMP destroying largest marijuana find, on Vancouver Island, in 1978. Facing page

JUSTICE

Trafficking in billions

By sifting through a mass of computer memories and arrest reports, the Royal Canadian Mounted Police were able to issue a report last week that spelled out the real economic impact of the illicit drug trade. In a new study, *National Drug Intelligence Estimate*, the RCMP revealed that Canadians bought more than \$8 billion worth of illegal drugs, including cocaine, marijuana, hashish and amphetamines, in 1981. Indeed, the black-market drug trade outstripped Canadian sales of beer, wine and liquor, which totalled \$6 billion.

The 76-page report was based on intelligence gathered during the past year with drug enforcement agents and Canadian and international drug traffickers. It indicates that an estimated three million Canadians, one-third of whom are teenagers, bought \$5 billion worth of hashish, hashish oil and marijuana, while 225,000 others, aged 18 and over, spent \$475 million on cocaine. Heroin, used most frequently by addicts in Vancouver, Montreal and Toronto, rising to \$2.25 billion in street sales, and chemical drugs such as LSD (Lysergic acid diethylamide) and MDA (methylene-dioxyamphetamine) fetched about \$275 million. Says Rad Stumler, head of the RCMP's drug enforcement branch, says illegal drugs are available in estimated quantities anywhere in the country. What is more, he says the demand for drugs will skyrocket as their use becomes more acceptable in wider social circles. For his part, Norman Panzica, senior consultant to the federal govern-

ment's Council on Drug Abuse, says, "Our society is too damn tolerant."

The RCMP admits that it is waging a losing battle against drug traffickers. Every year enforcing agents seize only about \$3 million worth of street drugs, representing a mere five per cent of the total. Part of the problem, suggests Stumler, is that, although the RCMP's drug enforcement branch employs 630 full-time officers and has an annual budget of \$30 million, it cannot investigate every big-league drug network. "It's a cat-and-mouse game," says RCMP Insp. Richard Dickens.

To crack down on the major players in the large narcotics networks, the RCMP last year launched the Anti-drug Profiteering Program (APP), aimed at seizing the financial assets of the seemingly respectable financiers who bankroll drug shipments. Between 1981 and 1982 police seized more than \$645,961 from major Canadian operators—money that led to several of the 42,469 convictions under the Narcotics Control Act that were handed down in 1981. "It's difficult to nail the big operators," explains Dickens, "because they insulate themselves from the drugs." Prosecution lawyers, he adds, also find it almost impossible to prove that the seized assets were obtained illegally, further hampering the act. Until now, players at the top are discouraged from drug profiteering, Dickens says, the illegal drug trade and the vast hidden economy that it creates will continue to flourish.

—CAROL BRIDMAN in Toronto

SCIENCE

Mars rocks on Earth?

In 1976 U.S. planetary scientists staged two successful Viking spacecraft landings on Mars. The unmanned craft took photos and probed the Martian soil and atmosphere, but researchers still lacked a physical sample of the solar system's most Earth-like planet. Now, in a fortunate fluke, a chunk of the red planet may have landed on Earth. Researchers at the National Aeronautics and Space Administration's Johnson Space Center in Houston now feel they have strong evidence that an 8-kg football-sized meteorite ("EETA-79000") found in Antarctica in 1982 may, in fact, be a rock thrown from Mars by the impact of a comet or an asteroid 160 million years ago.

The discovery will not only offer important clues to the balance of minerals and gases and the potential for life on Mars, but for the first time scientists may be able to identify the exact origin of a meteorite. In the past most of the meteorites that have hit Earth were believed to be debris from the formation of the solar system 4.6 billion years ago.

Researchers first considered the Martian theory when laboratory tests revealed that the greenish-brown basalt rock had crystallized during volcanic activity only 1.3 billion years ago—more than three billion years later than most asteroid meteorites. As well, Johnson Space Center planetary scientist Donald Sogard, a member of the analysis team, says that the ratios of trapped gases in the meteorite, such as helium, argon and xenon, are similar to those identified by the Viking missions. The scientists also think that they have explained the most troublesome feature—how an ejected rock could escape Mars' gravitational pull. They theorize that the impact of a large object striking the planet's surface would vaporize and explode deep permafrost, giving added propulsion to any loosened material that might fly off. Strands of dark, glasslike material in the rock appear to suggest just such an explosive shock. NASA scientists are excitedly examining seven other similar meteorites and one possible lunar fragment in their earthbound quest for answers. As for the origin of 79000, NASA's Michael Duke, for one, has no doubt. "I am convinced," he declares, "that this rock came from Mars."

—TERRYNOE DICKINSON in Ottawa

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And the fans slumber on

By Trent Fyfe

There is nothing wrong with hockey's annual all-star game that an all-starline blackout—or 38 more Wayne Gretzky's, provided at least two of them are goalies—wouldn't cure.

The 38th all-star game runs up groping for oxygen in the Nassau Veterans' Memorial Coliseum on Long Island, the place where, you and I, we talk about confusion. Let's see, the guys in the orange shirts were the Clarence Campbell Conference, so, the guys in the white were the Campbell, the guys in the orange were the Smythe Division, which during the regular season hung up with the H. Richard Conference to form the Hartford Whalers—or something.

To begin at the beginning, what virtually nobody can remember is that the two conferences in the NHL are called the Prince of Wales and the Clarence S. Campbell. And, as few people know (or give a damn), the four divisions of the two conferences are the James Harris, the Lester Patrick, the Cam Smythe and the Jack Adams—oops—the Charles F. Adams Division. The problem is that the names contribute nothing to the identity of the teams that comprise them, and accordingly nobody really knows who is in it playing for whom in the annual game. This removes the competitive, emotional and regional involvement that it does help keep.

Geographically, the names mean nothing and at the grassroots level where most fans live they're as annoying as seasonal appointments. The hockey figures who know ought to be remembered are the ones belonging to the generic arena players, but every time the NHL's governors sit down to name a division or a trophy they choose a fellow slumber shift.

Does each season's scoring champion win, say, the Rostker Richard Trophy? No, the Art Ross. Is the most valuable player award named for Gordie Howe? No, for Donald A. Hart, father of one Cliff Hart who coached the Canadiens in Horie Morenz's time (speaking of whom, is there a Horie Morenz Trophy? Ha, is the Pope's award?) The NHL goes on. The only exception is Georges Vézina, the Chicago's Coach, who, played goal for the rouge, More of the Stanley Cup winners God knows how he got his name on the goal's cap, so is spared.

So the names of the fat cats have got

to go. And emotion and competition have got to be curtailed. When these incidents are removed from hockey exhibitions, what you get are the Ice Police with busy cameras. Worse than that—no winner.

Apart from Gretzky's four goals the other night the only real interest for the Long Island customers was the appearance of Mike Bossy at Denis Potvin or some other local hero. Otherwise, the fans mostly nodded off—though don't get the opinion that these fans aren't emotional. Your agent recalls an illustrative Stanley Cup playoff a couple of springs ago between the Isles and the Redwings Oilers.

Back then the press gallery was right up under the ruffled roof, actually it was the last row of seats in the building. In front were the long rows of fans, and at this night two years ago four of the fans were two guys and their wives who knew everybody, called to people by name, waved expansively and grinned as he had a voice like the Queen Mary's.

But her husband was a noisy guy who knew everybody, called to people by name, waved expansively and grinned as he had a voice like the Queen Mary's.

HE SHOULD BE SHOOTING
THAT'S ALL WE'VE GOT ANOTHER
ONE. HE'S GOT TO GO. HE'S GOT TO GO.
THE WHOLE TEAM IS GOING
AND THEY'VE GOT TO GO.
GOING ONE ANOTHER
GOOD LUCK THEY'RE
INTERESTING AND DOING
IT ON THE ICE
WILL FINALLY AN
ALL STAR GAME
DISMISSING



born "Hey, this guy would cry over and over, 'Let's go Islanders!' He seldom shut up as his beloved Isles got in front, 3-0.

Then the Oilers barged in a goal, and he frowned. Barging, his ear echoed across the big rink, "Unno, Islanders, let's go, awreedy!" But just before the period ended Gretzky scuffled inside the defence and banged in a rebound to tie the game.

The fan got to his feet, silent, impassive, staring at the Islander net where the red light glowed. He raised his hands and opened his knicker. "Hey, Islanders, yer gab-ditch! Yeh heah me? gab-ditch!" Then he sat down and opened another beer.

The notion here is that this guy and thousands like him were tuned in to the night hopeful of being entertained. But there was never to be the emotional involvement or rivalry the fans are about as long as the annual game is a match-up between two practically invisible conferences.

What should be done, short of abandoning this bare altogether, is to return the game to the format employed for all-star games before expansion put seven all-star jerseys half-year. In those pre-expansion times the Stanley Cup winner was matched against a side selected by fans from the other five teams in the NHL's tiny league. The game was played in the home rink of the Stanley Cupper. That way, everybody got into it. It's home fans have been lousy to Ogle, and the folks at home identified with their own heroes and had about-in-villa, too the defending Cup team.

Emotional involvement and competition are not mutually exclusive, right? The league organizers would be rejected another way, perhaps bestowing even more reason for fans to whoop and holler. The suggestion was set forth for your agent the other day by Gordie Howe, an all-time all-timer, who was made to visit him in his Saskatchewan. "Talk about all-stars," Gordie said, "We've just turned 30."

What Howe suggests is a game between Canadian- and U.S.-based teams. At first glance such a match-up looks as a mismatch in favor of U.S. teams, since they outnumber Canadian entries by 14 teams to seven. More than that, the three top teams currently are Boston, Philadelphia and Chicago, indicating that U.S. teams have quality and quantity favoring them. As it happens, though, a man named Gretzky is based north of the border. Sidney was



Nord, Gibson: an unusual, overwhelming performance

FILMS

Foreign affairs

THE YEAR OF LIVING DANGEROUSLY

Directed by Peter Weir

Linda Hunt's performance as the Chinese-American dwarf Billy Sowan in *The Year of Living Dangerously* is one of the most unusual ever conceived: a woman playing a man without resorting to any cosmetic aids. But beyond its oddity, the portrayal is also overwhelming in its poignancy. A photographer with the best skills in music journalism in President Achenbach Sukarnato's Indonesia in 1965, Kwan knows he can cut corners and maneuver information that other journalists cannot, because competitors "aren't" on scraps of dwarf. Taken a green Australian journalist, Jack Hamilton (Mel Gibson), under his wing, he feeds him with contacts and lives somewhat vicariously through him. He even arranges for the handsome Hamilton to have an affair with Jill Bryant (Sigourney Weaver), a British beauty attached to the embassy.

Although Kwan intellectually understands his physical limitations, he can't always cope with them emotionally. He knows his life will probably always be touched by adversity, so he delivers speeches to stare off the wall. Of mixed blood and culture, he feels "not quite at home in the world" and expresses his own sense of inadequacy by fixating on the pain and poverty of South-east Asia. A phrase from Tolstoy—"What thou must as thou canst"—haunts him because, for Kwan, acknowledging his limitations and accepting them is not much one person can do. It is not good enough. For his own part, he supports an Indonesian revolution and desperately hopes Sukarnato's regime will act as some kind of panacea to Indonesia's ills. When Sukarnato seems to be embracing economic, social and Kwan's political, Hamilton, betrayed, Kwan is crushed. He would crumpling. He sits in his car, weeping, listening to one of Richard Strauss's elegant *Four Last Songs* in a try, half-courtesy.

line voice, he says, "What then is the 'year of living dangerously'?" It is one of those extraordinarily moving moments audiences will remember for years.

A serious, rarely written film, *The Year of Living Dangerously* is part war drama—perhaps, Gibson and Weaver are like a piece of film and match—and part political melodrama. Both of these modes sometimes get in the way of Kwan's story, and director Peter Weir (Gibson has just finished his last movie) has just finished his last movie. It also lingers too long over the effects he creates. The movie simply is not tight enough. Weir dabbles over atmospheric details, which would have been asserted anyway in such an exotic location.

For all the flaws, including a *Clash of Typewriters* scene by Maurice Jarre, the film is admirably ad of stop, if only for choosing the subject it does. The film questions the victim behind a journalist: getting a story, but most of all, through Linda Hunt's understated performance, it is a lament for the betrayal of trust between people. It suggests that being dangerously naive itself to so particular year.—LAURENCE O'BRIEN

When honesty is the dullest policy

LIANNA

Directed by John Schlesinger

With Lianna, writer-director John Schlesinger makes the crucial mistake of thinking that an overpowering problem will make dull people fascinating. Lianna (Linda Griffiths) is so dull she could swallow pills to stay that way, but her "problem" is unusual in her early 30s, married and a mother, she discovers that she is a lesbian. Fearless and slightly masochistic, she is visited by her husband as being little better and domestic help she tries to improve herself by completing her degree in child psychology at night school, where she finds solace in her teacher, Ruth (Jane Fonda), the most sensitive woman Lianna yet to appear as the sensitive Lianna's husband (Jim DeVries), a film professor, is such an unlikable figure that Lianna seems to have two choices: become a lesbian or an axe murderer.

Low-budget and lacking it, Lianna is the type of underdog that people are moved to applaud for its honesty. And honest it may be, but John Schlesinger (*The Return of the Secession Stars*) tends to stretch scenes out all the way to next week. After Lianna has been kidnapped by her housewife Gloria Khan and she cannot live with Kwan, there is an extremely telling shot. Embarking on a new life, Lianna is shown driving a car, as the camera goes on her black face for what seems to be an eternity. The ridiculous scenes of the shot suggest only one thing: the director has run out of gas.

When he is being played, as in his script for *The Frowning and Algaline*, Schlesinger seems a poster boy for defining the overly serious. He does that here by showing the absurd pretensions of anatomy. He loses of her husband's students concern Lianna at a party with a revealing moment of an elderly subject, Andre Murphy. And he does it when Lianna's smart 13-year-old kid, Spencer (named after Trotsky, guess, "So my old lady's a dyke." But when Lianna gets serious, he loses all touch with his talent. "I really wanted you," says Ruth, and Lianna replies, "No, please."

The actors in Lianna, particularly Linda Griffiths, show a more pronounced sense than a dramatic one. Had Lianna kept his name as cancer as its best secret, the characters might "I've been seen such delicious"—and the movie no less serious. Though Lianna is meant to be seen as a bravely emerging from a chrysalis, this woman speaks no wings.—L.O.T.

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(David Keith) Keith, questioning the oppressive nature of military training

The sadistic side of ritual

THE LORDS OF DISCIPLINE
Directed by Francis Rodden

Sadistically made and brandishing a no-frills approach, *The Lords of Discipline* works quite well as first-rate, suspenseful entertainment. And these days that is a high compliment. Set in a South Carolina military academy during the early 1960s, the film dramatizes some of the more sadistic practices in the school and questions the value of its so-called make-you-a-man tactics. Will (David Keith), a fourth-year student about to graduate, is beginning to have misgivings about the way the academy educates students emotionally. His empathy arises from his own miserable experience during his first year at the academy. He remembers someone who had faith in him and helped him through the ordeal. The guardian angel is a tough-but-tender, cigar-chomping colonel called The Bear (Robert Prosky), this year's answer to Lou Gossett Jr.'s tough-but-tender drill sergeant of last year's *An Officer and a Gentleman*.

As he watches just how cruel the students are capable of being to anyone who does not fit the mold, Will begins to scoff at the school's notion of producing "the superior breed of man." On "Hell Night," when the older students inflict various forms of torture and degradation on the newcomers, or "kooks," Will is not tempted to take part. The next morning a nervous, fat boy, who has been tormented by a secret society called The Ties, plunges to his death, ostensibly of his own accord. When Will

is put in charge of watching over the welfare of the school's first black student (Mark Hurland), who is tortured and beaten, his misgivings are amplified, and Will himself becomes a target of the biased, neo-fascist society's rituals.

Ritual is, of course, the governing theme in military training; it is the ritual that takes away individual spirit and leads to conformity. Seen, as it often is in religion, the means of ritual become an end in themselves. Director Francis Rodden shows, visually and rhythmically, the phallic appeal while at the same time depicting cruelty against it. With this in mind, the movie's anti-prejudice and anti-oppression stance will probably be seen as virtuous—though it is rather conveniently set in the past, sparing itself the burden of having to deal with immediate issues.

The real virtue of *The Lords of Discipline*, however, is its craft, exemplified by David Keith's performance as Will. A relative newcomer to the movies, Keith already has an impressive track record, ranging from the redneck villain in *The Great Streets* to the magnificently naive friend of Richard Gere in *An Officer and a Gentleman*. This is his first starring role, and he carries the movie easily with his unforced, likable, homespun manner, not unlike that of Gary Cooper or Henry Fonda. His naturalism is reassuring, as it is in the current *Independence Day*, and the audience believes in him. Without his credible hero, *The Lords of Discipline* would merely be a well-intended drill.

—L.G.T.

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THAT CHAMPIONSHIP SEASON
Directed by James Miller

That Championship Season should not be on the large screen. Adapted and directed by its author, James Miller, it is visually bland and talks in the worst way, and its action has been self-consciously elevated beyond the boundaries of the stage. The film also demonstrates how the passage of a few years has turned Miller's 1972 play practically sensible as statements have been trusted out over and over again. That Championship Season is the kind of play in which several characters are brought together for an event, and, by the final curtain, and up looking each other and/or themselves. In this type of play each character will make a major revelation to knock the viewers off their seats. Such revelations are usually tenuously linked by some nasty hunter or, more likely, nostalgia for the fabulous past.

The past in *That Championship Season* is 1957, when the assembled main characters, of Berwyn, Pa., won the state basketball title with only seven seconds left in the game. One of them, George (Bruce Dern), is running for reelection as mayor, another, his corrupt sidekick, Phil (Paul Sorvino), has had an affair with George's wife. The remaining players are two brothers, James (Bobby Saxe) and Tom (Martin Sheen), the former, a high school principal, feels drained by having had to take care of their alcoholic father for most of his life, and the latter has become an alcoholic himself. The championship was the one shining moment for all of these men, they still adore their coach (Robert Mitchum) and date on him. But the coach, recently a victim of serious alcohol and now somewhat frail, knows how far behind his "boys" have strayed from their halcyon days. Throughout their booze-soaked night, catered by Col. Sanders, tensions and truths keep surfacing.

The boys are intent to embody the American success story game away. Their tricks have been learned at the knees of the coach, who has impressed upon them the value of success at any cost; they have become corrupt (three of them are on the take from the town) and burdened by guilt. The audience, in turn, is burdened with the group, despite the fine performances from Sheen and Saxe, and has to put up with their contrived talk. Miller parcels platitudes as poetry and turns a movie into a reading.

—L.O'T

BOOKS

Raised expectations

SAMARITAN

By Philippe van Rijn
(Lester and Orpen Deutsch, 405 pages,
\$18.95)

Philippe van Rijn does not deal in the expected novel "fact and fiction merge." Indeed, even in the telling of his own life story, van Rijn seems to have difficulty separating the two. With the publication seven years ago of his first spy novel, *The Troubadour's Collection*, the unknown author established himself as a writer at a point of mystery and danger. Hiding

These developments include the rise of a Polish pope, the fading of an underground Polish trade union and the emergence of a KGB chief as a candidate for the top job in the Soviet Union. But beyond the pretensions of the writer—and his publishers—the book deserves to be judged on its merits.

Samaritan offers all the elements of a typical "international" thriller. In an atmosphere that is chillingly cold war, a heroic Polish cardinal, soon to become Pope, takes on the role of a spy in order to prevent a world catastrophe. Meanwhile, in the Soviet Union the ailing Politburo chairman (modelled after Leonid Brezhnev) stubbornly fights death, while around him possible successors plot and counterplot into what is a tale of intrigue in the most innocent—a brilliant doctor who is the only one who can prolong the chairman's life.

If van Rijn does have some special knowledge, it is not evident in this book. Indeed, his information seems to have been culled from newspaper clippings, the comprehension of the theological spirit within the Roman Catholic Church, which played an important part in the conclusion that chase the Polish Pope, is modelled at best. His conspiratorial references to the personalities of past popes only belated what most people found out during the two most recent conclaves. The "underlying force" that van Rijn talks about is, in this case, pure imagination.

However, in telling a standard spy story, van Rijn's talent is not to be confused with a samaritan in fast-paced, cleanly directed and even a little sexy. When the KGB moves in on the Polish cardinal in the middle of a crowd, one can practically hear the beds crashing in the panic that ensues. Van Rijn's characters, however, lack subtlety and substance. They are continually snapping open lighters and stabbing out butts—manifestations of people who do not know what to do with themselves outside their one-dimensional roles. Still, van Rijn is earning his place in that special collection of writers whose minds inhabit the characters—the world of treachery, desert and occasional bravery. It is a pity that when he disappoints it is only because of known things.

—ANGELA FERRENTI



Sagan: pretentious, awkward and dull

Remembrance of better things past

THE PAINTED LADY

By Francine Sagan
(Clarke, Irwin, 344 pages, \$21.95)

Francine Sagan was just 19 in 1954 when *Bonjour Tristesse* made her a literary celebrity. Thirty years and 10 novels later, her first book remains the cornerstone of her reputation. Indeed, the frank and virulent simplicity of *Bonjour Tristesse* will haunt any of Sagan's readers who are stubborn enough in their enthusiasm to follow her latest work, *The Painted Lady*, to its clumsy finale. Pretensions, awkward and dull, it is everything that Sagan's youthful work was not.

Set on a luxury cruise ship and populated with the stock characters of that particularly cliché-ridden literary setting, *The Painted Lady* has at its centre—if so simple a novel can be said to have a centre—the blossoming of Clarine Leitheller. Clarine is wealthy, alcoholic, amazingly married and is love with Julien Perret, card shark. Clarine's husband, Eric, is handsome, hypocritical, cruel and not above a quack fight with Olga Lemoore, market Olga is on board the ship. Clarine, with her problems, Simon Belard, whose money law and culture this Belard is saddened by Olga's foolishness and greatly moved by the concerto given each evening by Kneiss, a Bavarian pianist, and is Dorcas, a celebrated singer. The dire, growing tired of her gipsy, Andras, threatens to desert at Segua, while the elegant Andre is pursued by the homely, poor, Charley.

Sagan charts the passage to the idle



Van Rijn: the merging of fact and fiction

behind a pseudonym, he claimed that he had been raised by tutors in houses with intricate alarm systems in Switzerland and England and that he and his father had worked for an underground espionage organization. He even suggested that much of the "underlying force" in his writing came from personal experience. In fact, the 28-year-old writer was born Oleg Michaelchuk, was raised in Montreal and was gently dismissed all systems of having been a spy. Still, with his fourth novel, *Samaritan*, van Rijn and his publishers would still have readers believe that some kind of insider knowledge or precociousness has enabled the writer to predict some of the more dramatic world events of recent years.

rich escort from Capri to Carthage (Clarice), who began the orifice with "protosquid chick and gleaming makeup," sets foot on dry land 498 miles later with her hair and lipstick just right. That, if the title is anything to go by, is what the book is all about.

While Reagan must accept responsibility for her novel's silliness and pomposity, she cannot be entirely blamed for its flacid prose. Ill-served by translator Leo Fabendick, *The Painted Lady* is overwritten in the extreme. Nothing is ever said simply. Few things are even said understandably. "They were headed somewhere together... they had ever since the cocktail party on arrival some busy appointment—even since he had seen her, ringside and ridiculous, grotesque in her garish makeup, leaning without confidence on the arm of her coo-handsome husband."

Norman Mailer once remarked that a writer encounters a problem in "getting something out of the mind when there's something false about the scene." *The Painted Lady*, rife with clumsy ascriptions, artless encounters and unmotivated exits, is a novel of characters who can never get believably in and out of the rooms they inhabit. Francine Syme encountered the most legit problem of getting passersby believably on and believably off the Nassau scene, because there is something utterly false about the entire affair.

—DAVID MACFARLANE

THEATRE

Old grit, new profundity



Philip and Brian: documentary realism stretched into absurdist black comedy

MOVING

By David Penzance
Directed by Simon Machoyat

Accounting them in all forms of art is that universal truth: we often best expressed through closely observed particulars. David Penzance's works, for example, bring into stark focus the anglophone working-class population of Montreal's Pointe St. Charles. But until now, that vision was at best in itself without encompassing more profound realities. However, in *Moving*, which opened earlier this month at Montreal's Centre Theatre, Penzance's craft acquires extra dimensions that transform it into art.

The precise dimension that Penzance has added is not apparent at the outset of the play. The rocky sitcom of life in the Pointe rolls on. The Wilson family is in a state of domestic upheaval after moving house, especially added is Ma, an alcoholic matron, grossly overplayed in a symphony of inappropriate accents by Jennifer Phlips. A housewarming-cum-birthday party for her rebellious son Jimmy (Robert King), who is given to Beardo-like mottos on the terrace roof with his French-Canadian feminist girlfriends, Francine (Myriam Cyr), turns into a family brawl. Its focus is the son-in-law, Richard (elegantly portrayed by Dennis O'Connor), a French-Canadian cop who ejects himself from the festivities after shoving law and order down the anachronistic Wilsons' throats.

As the play evolves, it is clear that the sentimental racial odience of Penzance's last work, *Belleville*, has been replaced by visceral politics. Francine and Richard are polar opposites, spitting out the tensions of contemporary Quebec. Ma and Pa (Giffith Brown) Wilson are imprisoned in a marriage that their children seem fated to imitate; they are all mere witnesses to the moment war between an oppressive Parti Québécois government and working people. Penzance's Marxist dialectic rips the curtain, however, when Jimmy joins Francine in the streets and dies in a riot, the Wilson clan implacably joins ranks in the march toward a glorious socialist future. But driving that resolution is a powerful dramatic confrontation. As the riot begins, Richard burns in and brandishes his revolver, warning them not to join in, but Ma orders him to put it away. Penzance's heightened understanding reassures the streetwise as an Anglo matron—the incarnation of the xenophobic shakedown Quebec has fought so hard to cast off—drags the policemen into a harbinger of social change. The moment is rich in irony and passion, a rite of passage for both play and playwright.

Penzance has also stretched his usual documentary realism into absurdist black comedy, and director Simon Machoyat has wisely let the cast run wild. Irritating, engaging, melodramatic and utterly real, *Moving* provides a striking modernization of life in Quebec and one playwright's inquiry into the nature of his art.

—MARK CHAMBERS



ahhh...FREEPORT GRAND BAHAMA. What would you say to a country club island,

where the games people play start with golf and tennis, and end with blackjack, roulette and craps in one of the most lavish casinos in the world? ahhh...that's better.

ahhh...NASSAU & PARADISE ISLAND. What would you say to loads of history, tradition and Old World charm? To an island so heavenly it's called Paradise, where the luxury hotels, casino and nightlife make it one of the



most exciting resorts on earth? ahhh...that's better. ahhh...FAMILY ISLANDS. What would you say to no TV, newspapers, shoes or worries? To a style of living that's un-

complicated, unhurried and a little old fashioned? To people who treat you like family instead of like a tourist? ahhh...that's better.

ahhh...BAHAMAS. Different from other islands. Different from each other. If you could be there right now, we know what you'd say. See your travel agent. The sooner, the better.



It's Better in The BAHAMAS

The sooner, the better:



ahhh...that's better.

MACLEAN'S BEST-SELLER LIST

Fiction

- 1 *2016: Odyssey Two*, Clarke (1)
- 2 *Spare*, Whitener (1)
- 3 *Master of the Game*, Seabrook (1)
- 4 *Diary of a Madman*, King (1)
- 5 *Franklin's Edge*, James (1)
- 6 *Midnight's Daughter*, Kowalski (1)
- 7 *The Painted Lady*, Ludlum (1)
- 8 *The Name of Justice*, Morris (1)
- 9 *The Practical Magician*, Archer (1)
- 10 *The Valley of Horses*, Aust (1)

Nonfiction

- 1 *Grave: An Intimate Portrait of the Liberal Party*, McGill (Newman) (1)
- 2 *The Establishment Man: A Portrait of Power*, Newman (1)
- 3 *Why We Act Like Canadians*, Reiss (1)
- 4 *Malice in Wonderland*, Parkes (1)
- 5 *Beavis and Butt in the 90s*, Smith and Young (1)
- 6 *And Man by Andy Rooney*, Rooney (1)
- 7 *Towers of Gold*, Fort of Clay, (1)
- 8 *Crimes*, Cherry (1)
- 9 *The Surrender's Apprentices*, Fisher (1)
- 10 *New in Ten Minutes*, Abella and Proper (1)

(1) Pasternak list week

The book that never was

By Allan Fotheringham

Everything in the world is interconnected. Mulhain's global village shrinks with each year. Klaus Barbie intrudes on our personal lives 30 years after he disappeared.

Tom Ardis was a good and naive reporter for *The Vancouver Sun* in its golden years in the 1960s when it was run in levity, eccentric style by the millionaire Cronin brothers. Ardis, the feisty editor, was in Quebec and Matsuo off the coast of China—taking

care to have his picture taken in a fashion in the roads of English Bay first. Mary Morrow, the fashion editor, was sent to interview Fidel Castro in Cuba.

Circulation managers were given Cadillac convertibles, rolled onto a nightclub stage at Christmas parties, and reporters needed bulldozers to break the road against opposition scribbles while fleeing to phone in the story of Wade Douglas's nose bleeding down their home.

Ardis, at all good reporters want to do, aspired to become an author. He did a spell as special assistant to the governor of Quebec, lived in Mexico and turned out a series of thrillers based on a food-like wisecracker who often bore a few resemblance to Tom Ardis. Hollywood bought his book, called *Kongas Is Congo*, and, being Hollywood, returned it. Rejected before filming it is *Vancouver*. George Segal was the star, and downtown Vancouver traffic turned into a queue of chocolate change when the climactic scene—a gunshot curried on across the steeply pitched green copper roof of the Hotel Vancouver—culminated in the assassin's body plunging burlap in the town's only elegant street.

This was 1974, and the Hollywood crew thought they were on the edge of a new wave. It was called drugs. Ardis, as consultant on the film, was exhausted and firing out with torridity in attempting to reverse his baby from manglers and rat skeletons in the circles of rounders, pushers and gypsies.

Ardis talked to another gambler, Jack McCalland of McCalland and Stewart, to Doubleday of New York and to the TV network. The plan in the brittle Ardis brain was to film Barbie, in his own explanation of his risk in occupying France, then return to the United States, have actors play the other parts in what would be "evidence" for his "production." It would have been, as Ardis' imagination, the first "trial" of a major figure on television.

Ardis and Wilson flew from Vancouver to La Paz with Pattison's money. The Barbie camp riled the cameras. It was, Ardis recalls now, somewhat like "Chutes or a mountain." They met Barbie in the home of a minor government functionary. Ardis was surprised at the casual nature of the encounter. There were no bodyguards. No one was frisked. "If I wanted to kill him, I could have," he saw say. Barbie was 68, in good health. He did not seem to be in any danger. The Chilean government not only tolerated but obviously courted him.

They spent three days feckering. Mostly all they got, in return for the \$20,000, was another national of press clipping. (One wonders, in retrospect, how often Barbie "aid" his men, built on the bodies of dead French children, to other shogunlike journalists.) Ardis flew to New York to negotiate with Doubleday. By this time he was strung out, by his own admission, by the oxygen shock of the La Paz altitude. He could not function. "I was," he remembers with the rue that can only be understood by scribblers who have screwed up a "the wrong person at the wrong time." He is now shatteringly honest about himself. "If I wasn't crazy I would never have had the guts to fly to Bolivia. The problem is that I was too easy to finish the story."

Doubleday could make no sense of it all. Ardis and Wilson fell to scripping over the camera, Wilson wanting to cut out Pattison. They parted company. Today, Ardis is in Palm Springs, Calif., in an advertising and public relations agency. Bobby Wilson, in his latest sport, turned up as the ghostwriter of a sleazy book supposedly written by Wendy King, the prostitute who brought down R.C. Supreme Court Justice E. David Fulton by falsely including him in a notebook as a client, a client who turned out to be a "graced peer" who was a former Fulton law partner and thought it would be fun to give Fulton's name. Jimmy Pattison, is now chairman of Vancouver's 1986 Expo world fair. And Barbie is in Lyons. Where he belongs.



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